FISCAL UPDATE November 13, 2000

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

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Department of Transportation fy 2002 budget request

FY 2002

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**FY 2002 Budget Request** The Department of Transportation (DOT) is requesting $285.5 million in total operations and capital projects, an increase of $8.4 million (3.0%). Of this amount, DOT is requesting $277.3 million operation expenses and 3,859.0 FTE positions for FY 2002. This is an increase of $7.4 million (2.8%) compared to estimated FY 2001. The FTE request remains unchanged.

**Funding Source** Of the $285.5 million, $3.9 million is being requested from the General Fund, an increase of $763,000 (24.3%) and $281.6 million is from other funding sources, an increase of $7.6 million (2.8%).

 The request must still be examined by the Department of Management and the Governor. The significant budget changes are discussed below. Increases include:

**Operations & Finance** Operations and Finance Division

* $318,000 to fund an 8.0% increase in equipment and software maintenance agreements.
* $47,000 for a 3.0% inflationary increase on existing leases.



* $67,000 for a projected 2.0% increase in telecommunication costs.
* $105,000 for the expansion of the Local Area Network computer system.
* $54,000 for maintenance and service contracts on new equipment.
* $136,000 to fully fund the overhead costs of Information Technology Services.
* $64,000 for maintenance and support of the Electronic Records Management System.
* $43,000 for increased lease costs for two drivers’ license stations and two engineering offices.

**Highway Division** Highway Division

* $1.6 million to fund an increase in fuel prices.
* $175,000 for salt transportation costs.
* $30,000 for materials testing fees.
* $36,000 for cost of Weather Information Services.

**Motor Vehicle Div.** Motor Vehicle Division

* $141,000 for increased postage costs.
* $188,000 for increased fuel costs.

**Special Purpose** Special Purpose and Program Appropriations Requests

* $420,000 for increased workers’ compensation claims.
* $48,000 for a projected increase in reimbursements to the State Auditor’s Office.



Driver’s License

* $100,000 for a projected increase in reimbursements to the General Fund.
* $1.9 million for increased usage of the Digitized Imaging Systems used for issuance of drivers’ licenses.
* $763,000 for increased support of the Railroad Assistance Program.
* $300,000 to conduct a new site utilization study of the DOT Complex in Ames to address the loss of parking that will occur when the City of Ames implements improvements to Lincoln Way and Grand Avenues. This is a new request for FY 2002.
* $1.0 million to fund maintenance improvements at DOT facilities throughout the State. This is a new request for FY 2002.
* $700,000 to conduct several studies for the DOT to determine whether or not services can be provided more efficiently and cost effectively. This is a new request for FY 2002.

**Capital Projects** Significant Capital Project Requests



**DOT**

* $400,000 for waste water treatment improvements at maintenance garage locations.
* $1.0 million for construction of salt storage facilities to increase storage capacity.
* $200,000 for improvements to DOT facilities located throughout the State to meet Americans with Disabilities Act requirements.
* $400,000 for replacement of roofs at various maintenance garage locations throughout the State.
* $1.9 million for various improvement projects at the DOT complex in Ames and for the construction of a communications building on the Ames Complex.
* $320,000 for construction of an addition to the regional materials testing laboratory in Cedar Rapids.
* $350,000 for the replacement of exhaust systems at DOT field maintenance facilities.
* $2.3 million for continued funding for the Recreational Trails Program.
* $1.0 million for continued funding for the Commercial Service Airport Program. The funds are allocated to Iowa’s ten commercial service airports for vertical infrastructure improvements.
* $500,000 for continued funding of the Aviation Hangar Revolving Loan Fund. The funds are deposited into the Revolving Loan Fund for construction or improvements to hangars at general aviation airports.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223) David Reynolds (Ext. 16934)

Public Employment Relations Board - FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Public Employment Relations Board is requesting $983,000 and 12.0 FTE positions from the General Fund for FY 2002. This is an increase of $71,000 (7.7%) and no change in FTE positions compared to estimated FY 2001. The request must still be examined by the Department of Management and the Governor. The requested increases include:

* $30,000 for support costs.
* $34,000 for an increase to the base pay of Board members.
* $7,000 to increase salaries of support staff.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

FY 2001 Department of Corrections (DOC) Appropriations Transfer

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**Transfer**

**Allocation Transfer** The Legislative Fiscal Bureau received notice of an allocation transfer under Section 4.2a, HF 2552 (FY 2001 Justice System Appropriations Act). The Act permits the Department of Corrections (DOC) to transfer funds from the institutions’ budgets to the Inmate Tort Claim Fund if the Fund is exhausted. The Inmate Tort Claim Fund reimburses inmates for tort claims that are less than $100. The DOC is transferring $2,000 to the Inmate Tort Claim Fund from the following Institutions:

* Iowa State Penitentiary at Fort Madison $800
* Anamosa State Penitentiary $100
* Newton Correctional Facility $800
* Fort Dodge Correctional Facility $200
* North Central Correctional Facility at Rockwell City $100

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Corrections Board Meeting



**Board Meeting** The Board of Corrections met November 3 at the Anamosa State Penitentiary (ASP). The designed capacity of the facility is 913 inmates while the population is 1,277 inmates. Dr. Flaum, University of Iowa, presented information concerning mental health treatment needs within the State prison system. Dr. Flaum is an Associate Professor of Psychiatry at the University School of Medicine. He serves as President on the Iowa Consortium of Mental Health Board, which oversees mental health issues within the State. Dr. Flaum stated:

* Inmates with mental health issues generally serve a longer prison sentence.
* In FY 2000, there were 6,500 psychiatric consultations in the prison system, while there were only 500 consultations during FY 1990.
* There is a direct correlation between depopulating mental health institutions and the increasing mental illness within Iowa’s prison population.
* It is estimated that 20.0% of Iowa inmates have a serious mental health issue while 70.0% have a mental health problem sometime during imprisonment.
* The Department of Corrections (DOC) needs:
* To comply with court orders.
* Collect data to determine the extent of the need for mental health resources.
* To create a plan for utilizing any additional mental health resources.
* A vision of what the mental health delivery system should be within the DOC prison system.
* To strengthen the relationship between the DOC and the State University of Iowa.

**Approval** The Board approved a motion that DOC staff should continue planning a mental health delivery system with the Iowa Consortium of Mental Health Board.

**Firearm Policy** The Board reviewed and approved the Sixth Judicial District Department of Correctional Services’ policy for the use of firearms. Currently, the Fourth, Fifth, Sixth, and Eighth Community-Based Corrections (CBC) District Departments have policies in place for carrying weapons. Generally, employees that carry weapons serve on a warrant team as part of the CBC District Department’s Intensive Supervision Program.



**Information Presented** Anamosa staff presented information on a new program: Residential Substance Abuse Treatment (RSAT), funded by the Office of Drug Control Policy. The Anamosa State Penitentiary and the Iowa Correction’s Institution for Women (ICIW) at Mitchellville implemented this program in FY 2001. This nine-month treatment program uses a “therapeutic community” model, where inmates who volunteer for the program are housed separate from the general population in a 60-bed unit. The inmates receive treatment and work within their housing unit. Values such as courtesy and responsibility are stressed. The National Institute of Corrections (NIC) provided technical assistance for the creation of the program.

**Proposed Interstate Compact** Director Kautzky updated the Board on the proposed Interstate Compact for parole and probation supervision. The NIC assisted the states in updating the Interstate Compact, which is the legal mechanism for transferring supervision of parolees and probationers between states. Iowa’s current Interstate Compact was first implemented in 1937. The proposed Interstate Compact will:

* Provide a mechanism for assuring consistency in supervision between states.
* Require each state to provide funds for a national administrative office to oversee the Compact. Iowa’s cost is estimated to range from $15,000 to $25,000 annually.
* Require compatible data systems.

**Next Meeting** Legislative action is required for the proposed Interstate Compact to be implemented. The next Board meeting is scheduled for January 18 in Des Moines.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Tobacco Settlement Authority Meeting

**Settlement Authority** The Tobacco Settlement Authority met November 8 in the State Capitol Building. A representative from Public Financial Management (PFM), the Authority’s financial advisor, presented information regarding the program plan. The plan will include:

* How securitization of tobacco proceeds have evolved.
* Analysis of the tobacco deals completed to date, to include how they priced in the market, the structure employed, and the use of proceeds.
* Analysis of projected tobacco payments to Iowa, using 2000 data, including associated risks.
* Analysis of the options, including tax-exempt, pay-as-you-go, taxable, and hybrid issues.

**Discussion** It was noted that all State issues sold to date have been on a tax-exempt basis. Concern was expressed regarding the recent lawsuit settlement in Florida, which is under appeal. The Master Settlement Agreement payments are a function of tobacco sales as well as inflation. The next meeting of the Tobacco Settlement Authority is scheduled for November 20 in Des Moines. The Authority plans to review a draft of the program plan at that time. The Authority plans to issue the program plan in late November or early December.

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

State Soil Conservation Committee Hold Meeting

**Committee Meeting** The State Soil Conservation Committee met in Des Moines on November 2. The meeting was called to order by Chairperson Mary Ann Drish.

**Presentations** The following presentations were made:

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Conservation Committee

* Madeline Meyer, Committee member, reported that she had attended the Raccoon River Watershed Taskforce meeting on October 31. The goal of the Taskforce is to balance economic development of the Watershed while maintaining environmental standards.
* Jim Gulliford, Director, Soil Conservation Division, asked members to review the draft version of the State Soil Conservation Committee’s Vision Statement. The members are to submit comments by November 30, which is the next meeting of the Strategic Plan Subcommittee.
* Jim Gillespie, Soil Conservation Division, provided an update on the Buffer Strip Initiative. Eighty-nine districts have received the Option One grant, 45 districts have received the Option Two grant, and 166 applications have been received and approved for Option Three. Option One provides a district with $500 to be used 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. Option Three provides a $100 per acre incentive to landowners for wildlife shallow water areas, contour buffer strips, contour buffer strips on terraces, or crosswind trap strips. As of the meeting date, there were 141.7 acres enrolled for Option Three.
* Bill McGill, Soil Conservation Division, provided an update on the Resource Enhancement and Protection (REAP) Fund for Forestry and Native Grasses. As of October 15, there was $62,000 available for districts.



* Ken Towe, Soil Conservation Division, reported that the federal government appropriated $1.6 million from the Abandoned Mines Reclamation Fund to the State of Iowa, an increase of $100,000 compared to FY 2000.
* Dean Lemke, Soil Conservation Division, provided an update on the Watershed Development Grants. He explained that employees were working with landowners to get all applications completed by the November 13 deadline.
* Jim Gulliford reported that the United States Department of Agriculture (USDA) has received the application for the Conservation Resource Enhancement Program (CREP). The USDA will be meeting representatives from the Natural Resources Conservation Service and the Farm Service Agency on November 27 and 28 to discuss the application.
* Leroy Brown, Natural Resources Conservation Service, reported that agency employees are being trained and certified for nutrient management and conservation management planning.
* Jerry Miller, Iowa State University, invited Committee members to attend the Integrated Crop Management Conference in Ames on November 29 and 30.
* Bill Ehm, Department of Natural Resources, reported that the Nonpoint Source Plan had been submitted to the United States Environmental Protection Agency and was approved.
* Deb Ryun representing the Conservation Districts of Iowa submitted a tentative schedule for the fall regional meetings in Iowa. Members volunteered to represent the Committee at the various locations.

**Recommendation** The Committee voted to accept the recommendations of the watersheds in West Pottawattamie County, Shelby County, and Union County.

**Next Meeting** The next meeting will be December 14.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Vertical Infrastructure Advisory Committee – Major MaintenaNCE pROJECTS



**Advisory Committee** The Governor’s Vertical Infrastructure Advisory Committee met November 3. The Committee reviewed the current status of projects being funded from the FY 2001 Major Maintenance appropriation. The Committee was updated by the Department of General Services on projects that were beginning the implementation stage. The Department has received refined cost estimates on six projects.

**Projects Approved** At a prior meeting, the Committee approved a prioritized list of 23 projects which are being funded from the $10.5 million Major Maintenance appropriation. The estimates used in developing the initial list of projects are considered preliminary and are used for planning purposes. As the bids for projects are awarded, the architects who are awarded the contracts review the project in greater detail and provide refined estimates for the projects.

**Project Cost Adjustments** The net change in costs for the six projects totaled $735,000. The additional funding will come from lower priority projects. The following table shows the project cost adjustments.

* Records & Property Building - Boiler Replacement: Work on boiler installation has begun and will cost approximately $100,000 less than originally estimated due to lower bid prices.



* Anamosa State Penitentiary - Bakery Roof Replacement: The cost of the roof replacement is expected to increase as the extent of repairs are significantly greater than originally anticipated. While the exact cost is not yet known, the project manager estimates the cost to double. This project will be bid in the Spring of 2001.
* Independence MHI - Electrical System: This project involves the installation of a campus-wide electrical service system at the Independence MHI complex. The Department received five bids for this project and the lowest bid was approximately $400,000 higher than the estimated cost. The increased costs are due to an increase in the price of materials and labor from the approximately two-year-old original estimate.
* Veterans Home – Powerhouse: This project involves the purchase and installation of new chillers to provide consistent cooling capabilities at the Veterans Home. The cost was adjusted because it was determined that additional equipment was required and asbestos needed to be removed.
* Glenwood - Furnace Replacement and Installation of Duct Work: Work on this project has begun and will cost approximately $100,000 less than originally estimated due to lower bid prices.
* Clarinda MHI - Emergency Generator: This project which involves the installation of a new emergency generator is estimated to cost approximately $150,000 more than estimated due to the need for additional switchgear.

STAFF CONTACT: David Reynolds (Ext. 16934)

Vision Iowa Board Meeting



 **Board Meeting** The Vision Iowa Board met on November 8 at the Department of Economic Development (DED). The major topics discussed were:

* An update on the disbursement of Community Attraction and Tourism Development Fund (CAT) moneys from FY 2000. To date, $12.1 million has been awarded. Of that amount, $5.7 million has been disbursed to 25 projects. The remainder will be drawn down as the projects progress. Two of the FY 2000 awards contained FY 2001 awards (Arnolds Park Project and Dubuque’s America’s River Project) totaling $3.7 million. After paying administration authorized advertising costs, the Vision Iowa Board will have approximately $7.6 million for awards from the FY 2001 appropriation.
* Operating Guidelines. Board Member Marvin Berenstein, DED staff, and Attorney General lawyers distributed a reference document they had prepared for Vision Iowa Board and staff containing relevant Code of Iowa cites, Administrative Rules, and other information to facilitate operation and decision-making by the Board.
* Update on Administrative Rules. The administrative rules process is on schedule for the Vision Iowa and Community Attraction and Tourism rules to be implemented on December 20. The discussion indicated that the Board plans to begin the project review process by January. There are no deadlines for applications, and the Board does not anticipate making awards on a first-come, first-served basis. Instead, the Board will seek the best projects to promote tourism and economic development.
* Eligibility to Apply for Awards. K-12 School Districts are eligible to apply for CAT or Vision Iowa awards in conjunction with a city or county. Colleges may apply if they meet the qualifications as a nonprofit public organization.



* Matching Funds. The Board was informed that Department of Natural Resources grant programs do not permit funds from other State programs to be included as matching funds. The Board requested DED staff to identify other programs with similar restrictions and expressed the opinion that projects should not be using other State funds as part of their matching funds.
* Statements of Intent to Apply. The Board received seven statements of intent to apply for Vision Iowa funding. The applications came from the Science Center of Iowa, Des Moines; Riverview Park and Riverfront Development, Clinton; America’s River, Dubuque; River’s Edge Renaissance, Sioux City; Comprehensive Recreation/Aquatic Facility and Park/Nature Preserve Development, Ames; The American Institute for the Preservation of Military History and Educational Research Center-Veterans of Foreign Wars of the United States, Waterloo; and the Community YMCA, Marshalltown.
* Vision Iowa Application. The final draft of the Vision Iowa application form, subject to final approval through the administrative rules process, was distributed.
* Technical Assistance. DED staff will provide training sessions for organizations interested in applying for Vision Iowa and CAT awards.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Council on Human Services - November Meeting

**Council Meeting** The Council on Human Services met November 8 and conducted the following business:



* Approved changes to administrative rules relating to:

Changing the rate for residential care facilities, from $24.26 to $24.50 per day for those paid on a cost related reimbursement method and from $17.36 to $17.50 per day for those facilities which do not file cost reports. In-home health related care reimbursement rates are increased from $466.49 per month to $471.06 per month. These increased rates are necessary to meet the federal “pass-along” requirements since utilization in both of these categories are not as great as predicted. The estimated cost is $125,000 for calendar year 2000, all State funds.

Revising the date of entry for asylees and income policies for refugees receiving assistance. The fiscal impact is not specified in documentation, but the Refugee Cash Assistance Program is 100.0% federally funded.

Revising Medicaid eligibility when a transfer of assets takes place. Documentation indicates no fiscal impact.

Reimbursements for hospitals receiving a “critical access” designation. An appropriation from the Tobacco Settlement Fund provided $250,000 for FY 2001 for an estimated 13 hospitals receiving the designation. Additional hospitals may apply for the designation.

Distribution of dependent adult abuse information. Documentation indicates no fiscal impact.

* Approved preliminary administrative rule changes (Report of Notice of Action) relating to:

Increasing certain Medicaid services which receive federal funding provided by local school districts and the Infants and Toddlers with Disabilities Program. The initial documentation indicates that there is not a fiscal impact. Staff is pursuing additional information.

Administrative

 **Rules**

Changes to the Department of Human Services organizations and procedures. Documentation indicates no fiscal impact.

* Heard comments from Director Rasmussen indicating that a meeting scheduled for November 16 regarding review of the Action plan will also be November 15 for the experts from out of State and Iowa providers.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Iowa Telecommunications and Technology Council Meeting

**Council Meeting** The Iowa Telecommunications and Technology Council met on November 9. The Council heard presentations on and discussed the following issues.



* Update from the Administrative Telecommunications Advisory Council.
* Status of the deployment of the asynchronous transfer mode (ATM) equipment. Mark Dayton told the Council that the Iowa Communications Network (ICN) ATM ring in Northwest Iowa was nearing completion. The scheduling for the new cell works equipment installation in the Sheldon and Sioux City areas remained. The deployment of equipment on the Southeast Iowa ATM ring has slowed due to the lack of sufficient funding from the Pooled Technology Account. Engineering work for the remaining two rings has begun so that as funds become available the work can be expedited to complete the changes to the system.
* Update on the Universal Services Fund of the Federal Communications Commission (FCC). Tommy Thompson told the Council that the FCC is reviewing the information submitted after the instructions from the Federal Court and a proposal submitted by the attorneys for the Council. A decision is expected in the next two weeks. Pam Pfitzenmaier of Iowa Public Television (IPTV) told the Council that she has been working with the Education Telecommunications Council to encourage all K – 12 schools and public libraries to file requests with the FCC for reimbursement for the fund for this filing period. The application period began the week of November 6.
* Five Year Financial Plan Review. Denise Strum, ICN, presented the draft Five Year Plan to the Council. The Council discussed the proposed Plan and asked for information on the renegotiation of the maintenance and lease contracts to be included in the Plan. Most contracts will be up for renegotiation during the next two years and this could result in an increase in costs.
* Requests for waiver for voice and Internet services.
* Central College asked for a waiver of the requirement to use the ICN for all Internet services to allow the College to have a second provider furnish an additional T-1 line. The cost of the line was approximately $100 less than the cost from the ICN. However, the College was making the request based on the ability to assure redundancy in the provision of service, rather than economic costs. The Council turned down the request.
* The Association of Independent Colleges and Universities submitted a letter requesting a blanket waiver from the requirement of using ICN for voice services, for 16 colleges and universities. The Council normally requires each college or university president to certify that the rates they receive from a private provider are less than those available for using the ICN. The Council tabled action on the request and asked staff to contact the Association to determine why the Association thought it had standing to petition on behalf of the group of colleges and universities. Additionally, at least one college in the list currently uses the ICN for voice services and told staff that there were no plans to switch providers.

**Next Meeting** The next regular meeting of the Council is scheduled for January 11, 2001.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Information Technology Council Meeting

**Council Meeting** The Information Technology Council met on November 9. The Council heard presentations from and discussed the following issues.



* Update on activities of the Information Technology Management Committee. The Committee is a voluntary group that has existed since the late 1970’s and is made up of staff and managers involved in information technology from most State agencies. Leon Swartz, representing the Committee, discussed the history of the group and asked how the Committee could work with the Council to improve communication between the Council and departments using the services of the Information Technology Department. The Council agreed to include a space on its agenda for input and feedback from the Committee and to have a Council member be a liaison to and attend meetings of the Committee.
* The Council then discussed all requests received from departments for funding of technology projects through the Pooled Technology Account. The Council reviewed the final prioritized rankings, based on the sum of the individual Council member rankings, for the project requests.
* The Council eliminated ten requests from the list that they agreed should have been requested through the departments own budget or were types of requests that did not fit the requirements for funding through the Pooled Technology Account. The Council instructed staff to notify the departments that while these projects may be deemed important, they should request funding through the normal budget request process.
* The Council voted to approve the remainder of the projects and their priority ranking and asked staff to prepare the list as the Council’s recommendation, for submission to the Governor and the General Assembly. The Council agreed to not review the individual dollar amounts of each request, but to let the Governor and the General Assembly decide the appropriate level of funding for each project. The total funding requested for the approved projects totaled $79.3 million.

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

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

Iowa Communications Network (ICN) Video Classrooms



**ICN Classrooms** The Iowa Communications Network (ICN) added four interactive video classrooms from September through October at Northeast Iowa Community College in Dubuque, Keota High School, BGM Junior/Senior High School in Brooklyn, and West Liberty Free Public Library. This brings the total number of classrooms to 734. The total number of classrooms that will be included in the Network at the end of the Part III build out is estimated at over 800. This will include multiple classrooms at several authorized sites. The table below presents the current distribution of sites by type of authorized user.

 **IOWA COMMUNICATIONS NETWORK**

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| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 99 |
| K-12 School Districts | 385 |
| Other Education | 7 |
| Libraries | 43 |
| Medical Facilities | 9 |
| Private Colleges | 18 |
| Regents Institutions | 31 |
| National Guard | 56 |
| State Agencies | 51 |
| Federal | 15 |
| Miscellaneous | 4 |
| Classrooms Total | 734 |

**Website** This information is updated weekly and is available on the Internet at <http://www.icn.state.ia.us/about/clickmap/clickmap.htm>**.** If you would like a copy of the complete list of sites and their locations and do not have access to the Internet, you may contact the LFB and request a copy.

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