FISCAL UPDATE February 06, 2001

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Final Action on House File 1 - Utility Tax Suspension and Repeal BILL

**Utility Tax Suspension**  On January 31, the House concurred in the Senate amendment and passed House File 1 (Utility Tax Suspension and Repeal Bill).

**Bill Provisions** The Bill:



Suspension

* Suspends the State and local option sales taxes on residential heating utility bills (natural gas, heating oil, and propane) delivered in March and April 2001. The fiscal impact of the suspension is a reduction in General Fund revenue of $10.0 million in FY 2001. The suspension would also reduce local option sales tax by a maximum of $1.8 million in FY 2001.
* Phases out the State sales tax on natural gas, electricity, heating oil, and propane, used by residential customers beginning January 1, 2002. The tax is reduced to 4.0% on that date, and reduced another 1.0% each January 1 until the tax is entirely removed. The phase-out does not apply to local option sales taxes. The fiscal impact of the phase-out is a reduction in General Fund revenue equal to the following amounts:
* $ 8.8 million – FY 2002
* $26.5 million – FY 2003
* $44.2 million – FY 2004
* $61.9 million – FY 2005
* $79.6 million – FY 2006
* $88.5 million – FY 2007 and beyond

**Next Action** The Bill was sent to the Governor on February 1.

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FINAL ACTION ON SENATE FILE 65 - LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) SUPPLEMENTAL APPROPRIATIONS BILL



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**LIHEAP Supplemental** The Senate concurred with the House amendment and passed SF 65 (Low-Income Home Energy Assistance Program [LIHEAP] Supplemental Appropriations Bill) on January 31. As amended, the Bill provides for FY 2001 supplemental appropriations totaling $11.3 million for the heating assistance component of the Low-Income Home Energy Assistance Program. In addition, the Bill caps the amount of funds that may be expended on the weatherization, administration, and assessment and resolution components of the Program, reallocating $2.9 million to payments for heating assistance. The Bill:

* Appropriates $2.3 million from the Department of Management’s Innovation Fund.
* Appropriates $2.4 million from the Iowa Finance Authority’s Housing Program Fund.
* Appropriates $6.6 million from the Department of Natural Resources’ Groundwater Protection Fund.
* Caps the amount of funds allowed for administrative purposes at $2.7 million for FY 2001 and reallocates $1.0 million to payments for heating assistance.

### NOBA

* Caps the amount of funds allowed for weatherization at $3.3 million for FY 2001 and reallocates $1.9 million to payments for heating assistance.
* Caps the amount of funds allowed for assessment and resolution at $715,000 for FY 2001.

**NOBA** Copies of the Notes on Bills and Amendments (NOBA) are available upon request from the LFB Office.

STAFF CONTACT: Lisa Burk (Ext. 16765) Jeff Robinson (Ext. 14614)

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met the week of January 29 and heard presentations from the following agencies:



**Proposed Fee** On January 31, Gerald Bair, Director of the Department of Revenue and Finance, presented information on the proposed fee to administer Local Option Sales and Services Taxes. Mr. Bair also reviewed services that have been provided to local jurisdictions in the past and those which have been, or will be, cut back.

**Local Option Tax Adminis.** Timothy S. Grieves, Superintendent for the Spirit Lake Community Schools, provided a letter describing the problems his school district has encountered with the administration of the Local Option Sales and Services Taxes. Mr. Grieves also described the problems his school district has had in issuing bonds and responded to questions from the Subcommittee.

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**Lottery**  On February 1, Edward J. Stanek, Iowa Lottery Commissioner, presented the budget being requested by the Iowa Lottery for FY 2002 and described the history of the Iowa Lottery. Mr. Stanek also responded to questions from the Subcommittee and indicated that anyone under the age of 21 can play Lottery games and win prizes; they are just not allowed to purchase Lottery tickets.

**Discussion** Mr. Stanek also indicated that he did not believe that the new Lottery terminals that transmit signals by the use of radio signals, rather then the current land lines, would lead to an increase in fraud. Mr. Stanek also responded to a question saying that research done by the Lottery indicates that Lottery sales of pull-tabs and scratch tickets within 30 miles of gambling facilities are 30.0% lower compared to sales outside the 30-mile radius.



**Real Estate Education Fund** Kay Halloran, Professional Licensing Division Administrator from the Department of Commerce; Willis Greer, Dean of the University of Northern Iowa’s (UNI) College of Business Administration; and Arthur Cox, Director of the Real Estate Program; appeared before the Subcommittee to discuss the Real Estate Education Fund, which is funded through fees paid by real estate salespersons and broker fees. Currently, $30 from each fee paid is deposited in the Fund, $21 of which is used to fund the program at UNI and $9 to fund the Education Director at Professional Licensing. The issue of raising the fees was discussed due to the allocation of funding to UNI and the Professional Licensing being based on a percentage basis. If fees were raised to cover costs in the Professional Licensing Division, the program at UNI would also receive an increase in funding.

**Treasurer of State Budget** State Treasurer, Michael Fitzgerald, presented the budget for his office and enumerated some of the functions, including:

* A request of a decrease of $250,000 due to the College Saving Iowa Plan being funded through an administrative fee charged to participants. Treasurer Fitzgerald reported a negligible drop-out of participants due to the imposition of the fee.
* Maintaining FTE positions and reducing the General Fund budget request while working on issues such as the closing of the Hartford Carlisle Bank, Tobacco Securitization, and Vision Iowa within the past year.

**More Information** Copies of agendas, minutes, and selected materials that were distributed to Subcommittee Members are available on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/admin_reg/admin_reg.htm>

STAFF CONTACT: Ron Robinson (Ext. 16256) Christina Schaefer (Ext. 17942)



Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met January 31 and February 1. The following topics were discussed:

**Agriculture Drainage Wells** On January 31, Jim Gulliford, Department of Agriculture and Natural Resources, discussed the progress on closing agriculture drainage wells. He explained that the majority of the wells could be closed by the December 31, 2001, deadline.

**Manure Management Plans** On February 1, Wayne Gieselman, Department of Natural Resources, discussed the processing of manure management plans. As of December 31, 2000, the Department has received 2,071 plans, has reviewed 893 plans and approved 641 plans. Gieselman predicted that all plans would be completed by July 2002.

**Fish and Wildlife Division** Al Farris, Department of Natural Resources, discussed the Fish and Wildlife Trust Fund and the operation of the Fish and Wildlife Division. The Department is requesting to increase fees for hunting and fishing licenses to cover increased costs of operations. The fees have not been increased for ten years.

**Web Site** For more information, copies of handouts, agendas, and minutes, refer to the Agriculture and Natural Resources web site at <http://staffweb.legis.state.ia.us/lfb/subcom/ag_dnr/ag_dnr.htm>

STAFF CONTACT: Deb Kozel (Ext. 16767)

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

**Economic Devel. Sub.**  On January 31, the Economic Development Appropriations Subcommittee heard a presentation by the Iowa Workforce Development (IWD) regarding the Unemployment Insurance Tax system and the New Employment Opportunities Program.

**Unemployment Insurance Unemployment Insurance Tax System**. Currently, approximately 77.0% of employers in the State of Iowa pay a rate of 1.0% of taxable payroll or less. Approximately 59.0% of employers have a zero rate. Joe Bervid and Pat Callan, from the Department, explained that the unemployment insurance tax rates are based upon:

* Individual employers’ history of benefits claims paid and taxable payroll growth for the last five years
* A ranking of employers in regard to benefit charges
* The contribution rate table that is actuarially determined

**Operating Philosophy** The Unemployment Trust Fund serves as a reserve to pay unemployment compensation claims. The Fund’s operating philosophy is:

* Maintain a large enough balance to endure heavy demands
* Provide no excessive tax burden on employers
* Maintain stable tax rates even when the economy fluctuates
* Base rates on benefit claims experience so that firms with higher benefit claims pay higher tax rates
* Maintain a balance that meets federal solvency standards



**Current Fund Balance** Iowa recently switched from Unemployment Insurance Tax Table 8 to Table 7, the next higher set of rates, to meet federal requirements for the Trust Fund reserve amount. The Trust Fund’s current balance, which is held by the federal government, is approximately $794.9 million, and it earns $50.0 million per year in interest. The Trust Fund balance and any interest earned on that must be used only to pay benefits. During FY 2000, $205.0 million was received by the Trust Fund in tax payments, while $212.0 million was paid out in benefits. The difference was paid from interest earnings, and the remainder stayed in the Fund.

**Fund History** Some history of the Trust Fund was reviewed. During the recession of the early 1980’s, the fund was depleted, and Iowa borrowed $173.0 million from the federal government and paid $24.0 million in interest on that loan. It was stated that if a similar recession occurred today, the fund would be exhausted in 11 months with no additional receipts.



**New Empl. Opportunities New Employment Opportunities Program.** Mary Ubinas, Workforce Development, discussed the New Employment Opportunities Program. The Program provides opportunities for under-utilized populations to enter the workforce and for employers access to these populations. Services for the employees include: mentoring, life skills, appropriate clothing, childcare, transportation, and internships. Services for employers include topics such as compliance with the American’s with Disabilities Act, diversity training, on-the-job training, work experience, and classroom training. The Program received a $500,000 appropriation in FY 2001 for the five pilot projects addressing the following under-utilized populations:

* Waterloo – Immigrants and Refugees
* Cedar Rapids - Individuals with Disabilities
* Davenport – Individuals with Disabilities
* Des Moines – Minority Youth
* Des Moines – Ex-Offenders

**Future Programs** In the future, the Department plans to explore programs to serve senior workers, low income/low skill individuals, welfare recipients, and seasonal workers.

**Gov’s Immigration Proposal Governor’s Immigration Proposal.** On February 1, the Subcommittee heard presentations regarding the Governor’s immigration initiative. The Governor’s Office, the Departments of Economic Development and Human Services, and Iowa Workforce Development are working cooperatively with local communities to facilitate immigration to meet Iowa’s workforce needs.



**Iowa Growth** Molly Culbertson, Office of the Governor, described the Governor’s three-pronged approach to helping Iowa grow:

* Keep more of Iowa’s young people in the State
* Recruit former Iowans who have left the State
* Attract new Iowans, including immigrants from other countries

**Pilot Project** Marshalltown, Mason City, and Ft. Dodge were selected for the Model Communities Pilot Project. The Project goal is to prepare the communities to accept new immigrants and to develop processes to acculturate the immigrant skilled workers and their families. Each community received $50,000 from the Department of Economic Development’s (DED) Community Development Fund. The Project has been a collaborative effort among various State agencies and community groups to plan for growth through immigration.

**Immigration Business Asst.** Mary Klemesrud discussed DED’s Immigration Business Assistance Program, which is to attract and acculturate new Iowans and increase the qualified labor pool. She stated that 392 businesses and individuals have been assisted through the Program to date. To receive assistance, the employer needs to demonstrate that the immigrant will not displace a current worker and must pay the area prevailing wage. The DED has also improved communication and cooperation with the Immigration and Naturalization Service’s (INS) office in Omaha and can assist immigrants in dealing with visa and other regulations.

**New Iowan Centers** Barbara Bobbe, Workforce Development, discussed the New Iowan Centers established in Sioux City and Muscatine. They have partnered local support agencies to utilize existing resources in those communities. These Centers are funded with a $170,000 appropriation from the Penalty and Interest Fund for FY 2001. The Centers do not provide cash assistance to immigrants, but provide referral services for job placement, community services such as English as a Second Language Classes, child care, transportation, medical, housing/shelter, and food. It was noted that these are not special services limited to immigrants but are the same services available to any resident with that particular need. Services to employers include outreach, training on a variety of topics, and assistance with Immigration and Naturalization Service forms. Since November, these Centers have served 114 employers and 161 immigrants.



**Office of Refugees** Wayne Johnson, Chief of the Iowa Bureau of Refugee Services, Department of Human Services (DHS), discussed the Governor’s budget recommendation of $211,708 through the DHS budget for a proposed Office of Refugee and Immigration Services. The purpose of this office would be to provide services to immigrants, which mirror services currently provided to refugees.

**More Information** Information about the Economic Development Appropriations Subcommittee, such as members, agendas, and meeting handouts, can be located on the LFB web site located at: http://staffweb.legis.state.ia.us/lfb/subcom/econ\_dev/econ\_dev.htm.

STAFF CONTACT: Alice Wisner (Ext. 14611) Dwayne Ferguson (Ext. 16561)

Education Appropriations Subcommittee

**Education Subcommittee** The Education Appropriations Subcommittee met twice during the week of January 29.

**Discussion** On January 31, the Subcommittee heard presentations from the following:

* Owen Newlin, President of the Board of Regents. Mr. Newlin discussed performance indicators, strategic planning, and the Board’s comprehensive fiscal report.



* Bill Johnson, Superintendent, Iowa School for the Deaf. Superintendent Johnson reviewed the School’s budget request for FY 2002.
* Dennis Thurman, Superintendent, Iowa Braille and Sight Saving School. Superintendent Thurman reviewed the School’s budget request for FY 2002.

**University Presidents** On February 1, The Board of Regents university presidents made a presentation which included:

* Mary Sue Coleman, President, University of Iowa
* Richard Seagrave, Interim President, Iowa State University
* Robert Koob, President, University of Northern Iowa

**Review of FY 2002** Each of the Presidents gave brief remarks and reviewed recent initiatives and the FY 2002 budget requests.

**Next Week** Next week the Subcommittee is planning on presentations from the following:

* Accelerated Career Education (ACE) Program
* Community colleges
* Jobs for America’s Graduates (JAG) and other Department of Education issues

**More Information** Information about the Education Appropriations Subcommittee, such as members, agendas, and meeting handouts, can be located on the LFB web site located at: <http://staffweb.legis.state.ia.us/lfb/subcom/ed_sub/educat.htm>

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HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE



**Health/Human Rts. Sub.** On January 30, Judith Conlin, Director of the Department of Elder Affairs, presented the Department’s budget. The Governor is recommending $5.4 million from the General Fund, an increase of $318,000 (6.3%) compared to the estimated FY 2001 appropriation. The increase is due to:

* An increase of $218,000 for adult abuse detection, services, prevention, and training.
* An increase of $40,000 for Retired Senior Volunteer Programs.
* An increase of $60,000 and 1.0 FTE position for an additional long-term care ombudsman.

**Senior Living Prg. & Trust** Following the discussion of the Department of Elder Affairs budget, Ms. Conlin delivered a presentation on the Senior Living Program and Trust Fund. The Governor is recommending $5.1 million from the Senior Living Trust Fund, an increase of $880,000 (21.0%) compared to estimated FY 2001. The increase includes:

* An increase of $672,000 to enhance the long-term care system in order to effectively deal with the anticipated growth in the number of elderly needing long-term care services.
* An increase of $38,000 and 1.0 FTE position for adult abuse detection, services, prevention, and training.
* An increase of $100,000 for the recruitment, training, and retention of direct care staff in long-term care facilities.
* An increase of $70,000 for the Department to contract with the Fire Marshal’s office for the inspection of converted assisted living facilities.



**Civil Rights Commission** Also on January 30, Corlis Moody, Director of the Civil Rights Commission, presented the Commission’s budget. The Governor is recommending $1.3 million from the General Fund, an increase of $50,000 (4.1%) compared to estimated FY 2001. The increase is to be used for software upgrades for the Commission’s information technology system**.**



**Dept. of Public Health** On January 31 and February 1, Dr. Stephen Gleason, Director of the Department of Public Health, presented the Department’s budget. The Governor is recommending $31.5 million from the General Fund, an increase of $471,000 (1.5%) compared to the estimated FY 2001 appropriation. The increase is due to:

* An increase of $390,000 for substance abuse treatment.
* An increase of $90,000 and 2.0 FTE positions for an African American infant mortality initiative.
* An increase of $20,000 and 0.1 FTE position for a Child Fatality Review Team assessment of the response of the Department of Human Services (DHS) after the death of a child.
* An increase of $71,000 and 0.5 FTE position for Child Death Review Team investigations of children from birth through age 17.
* A decrease of $100,000 for the Physicians Care for Children Program.



**Gambling Treatment** A discussion of Gambling Treatment, and Tobacco funds and programs followed the Department’s budget presentation on January 31 and February 1, respectively.On January 31, Janet Zwick, Division Director of Health Promotion, Prevention, and Addictive Behaviors, presented information on gambling treatment. According to the Department, further study is needed to better determine the costs and benefits associated with gambling treatment. The Governor is recommending $3.7 million from the Gambling Treatment Fund be appropriated as follows:

* $2.4 million for the Gambling Treatment Program, an increase of $271,000 (13.0%).
* $1.3 million to Addictive Disorders for substance abuse treatment, which is no change compared to estimated FY 2001.

**Tobacco Use Prevention** On February 1, Cathy Callaway, Director of the Tobacco Use Prevention and Control Division, presented information on the following:

* The 2000 Youth Tobacco Survey
* Division staffing for Tobacco Use Prevention and Control
* Commission members and activities
* The Youth Summit and Just Eliminate Lies (JEL) Tour
* Enforcement Efforts
* Community Partnerships, Counter Marketing, Cessation for Pregnant Women, and School-Based Programs

**Gov’s Recommendations** The Governor is recommending $9.3 million from Tobacco Settlement Revenues for Tobacco Use Prevention and Cessation. Of the $9.3 million, the Governor is recommending that $500,000 be reallocated from enforcement efforts to be used for adult cessation.

**More Information** Information about the Health and Human Rights Appropriations Subcommittee, such as members, agendas, and meeting handouts, can be found on the LFB web site located at: <http://staffweb.legis.state.ia.us/lfb/subcom/health_hr/health_hr.htm>

STAFF CONTACT: Russ Trimble (Ext. 14613) Lisa Burk (Ext. 16765)

Human Services Appropriations Subcommittee

**Human Services Subcom.** The Human Services Appropriations Subcommittee met the week of January 29 and conducted the following business:

**Medcaid Program Issues** January 30: Received information relating to:

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* Medically Needy Spenddown and possible changes
* Dental Issues relating to the Medicaid Program, including access and reimbursement rates
* Payment from the Medicaid Program for durable medical equipment and possible changes
* Changes in administrative rules relating to continuous eligibility

**Testimony Received** January 31:

* Electronic Benefit Transfer (EBT)
* Future funding for the Temporary Assistance to Needy Families (TANF) Program
* Pregnancy Prevention Grants

**Nursing Facility Issues** February 1: The Subcommittee received information regarding:

* The proposed nursing facility case-mix reimbursement model
* Nursing facility provider representatives’ reaction to the proposed model and future funding
* Long-term care alternative grants update from the Senior Living Program Trust Fund
* Response from the Department of Human Services regarding a past issue discussed: Fathers’ Rights funding

**More Information** Additional information is available upon request or from the web site: [www.http://staffweb.legis.state.ia.us/lfb/subcom/human\_serv/human\_serv.htm](http://www.http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm)

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Justice Systems Appropriations Subcommittee

**Justice System Subcom.** The Justice Systems Appropriation Subcommittee reviewed issues with the Department of Corrections (DOC) on January 31 and February 1. Issues discussed include:



**County Confinement Acct.** County Confinement Account. This Account reimburses counties for holding parole, work release, and Operating While Intoxicated (OWI) violators in county jails pending a revocation hearing by the Board of Parole. The DOC is requesting an $800,000 increase in the State General Fund appropriation due to confining more violators. The Governor is recommending reducing the appropriation by $91,000 to implement a $25.00 rate per day for all counties statewide. The Subcommittee received testimony from the DOC, Board of Parole, and the Iowa State Sheriffs and Deputies Association.

**CBC Specialized Programs** Community-Based Corrections (CBC) specialized treatment and supervision programs. Information provided by the DOC included:

* Program descriptions
* Average cost per day
* Number of offenders served
* Program budgets and FTE positions
* Revocation and recidivism rates

**Salary Issues** The following information was provided:



* Table of Organization for the DOC.
* Salary and FTE positions budgeted by program area within the Institutions.
* Salary shortfall. The DOC’s projected shortfall is $3.4 million in FY 2001, primarily due to health insurance costs exceeding projected increased costs. The DOC is managing this shortfall by:
* Delaying the filling of positions
* Reducing overtime expenses
* Burning fuel oil reserves and switching to cheaper fuels, such as electricity, wherever possible
* Reducing support expenses

**CBC Salary Issues** Salary issues within the CBC system include:



* Four of the eight CBC District Department Boards approved additional retirement benefits for exempt staff (converting sick leave hourly balance to pay partial costs of health insurance upon retirement). This action increases long-term liabilities for the CBC District Departments.
* The CBC District Departments received funding for an additional 32.5 FTE positions for FY 2001. Of these, 7.5 FTE positions are to staff additional residential beds in Dubuque. Funding for those positions was adjusted to reflect a February 2001 projected opening date. The CBC District Departments have delayed filling the new positions due to salary shortages (health insurance cost increases and salary upgrades of Parole/Probation Officers). Fourteen of the new positions have been filled.

**CBC Supervision Fees** Collection of CBC supervision fees. The General Fund appropriations for FY 2001 were reduced by $1.3 million to reflect a projected increase in local income for implementing a flat fee of $250 per offender. The CBC District Departments budgeted $2.9 million for supervision fees during FY 2001, with $985,000 collected through December 2000. If collection rates do not improve, there will be a projected shortfall in local income of $1.0 million during FY 2001.

**Drug Courts** Drug Courts. The Subcommittee discussed the judicial model versus the community panel model. The judicial model includes the active participation of a judge, while the community panel model includes the active participation of local citizens. The Subcommittee also discussed the program evaluation of the Polk County Drug Court completed by the Criminal and Juvenile Justice Planning Division. Felons are more successful in the program than misdemeanants. The Subcommittee discussed the Drug Courts in terms of a prison diversion program for high-risk offenders. The Governor is recommending an increase of $465,000 and 6.0 FTE positions for new Drug Courts in the First, Sixth, and Seventh CBC District Departments.

**Other Issues Discussed** The Subcommittee also discussed:

* Replacement of expired federal funds for substance abuse treatment, victim advocates, sex offender supervision and treatment, enhanced supervision of domestic violence offenders, and youthful offender programs. The Governor is recommending $442,000 to replace expired federal funds in the Institutions and the CBC District Departments.
* Program evaluations. The DOC has limited resources to conduct program evaluations. Most program evaluations are funded through federal funds, the Department of Public Health, and the Criminal and Juvenile Justice Planning Division.
* Mandatory parole for sex offenders. There were 169 offenders during 1999 who served their full sentence in prison, so they were released without any community supervision. The DOC is recommending certain changes to the Code of Iowa to provide community supervision of all sex offenders upon their release from prison. The Governor is recommending an increase of $504,000 and 12.0 FTE positions to supervise these sex offenders.

**Future Discussion** Department personnel will return to the Subcommittee on February 14, to present the budget request. Agendas, minutes, and handouts can be obtained on the Justice Systems web site. The address is: <http://staffweb.legis.state.ia.us/lfb/subcom/justice/justice.htm>. Also located on the Justice Systems web site is a calendar for presenters at future Subcommittee meetings.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Dean (Ext. 17846)

Oversight and Communications Appropriations Subcommittee

**Oversight/Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met January 31 and February 1.

**Data Center Management** On January 31, Cynthia Eisenhauer, Department of Management; and Stephanie Pickens, Governor’s Office; gave presentations to the Subcommittee. The discussion focused on recommendations of the *Report on the Management of the Three State Data Centers*. The Report is available on the web site listed below.

**IowAccess** On February 1, Dan Combs, Information Technology Department, gave a presentation related to the progress of IowAccess in making government services available to Iowa citizens over the Internet.



**Next Meeting** The next meeting of the Subcommittee will be February 7.

**More Information** Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

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

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Tran., Infra., & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 31 and February 1 and heard presentations from the Departments of Economic Development, Natural Resources, and Agriculture and Land Stewardship.

**DED Programs-RIIF Funding** The Department of Economic Development (DED) presented the Governor’s recommendations for FY 2002 for DED programs funded from the Rebuild Iowa Infrastructure Fund (RIIF) and the Environment First Fund. The Governor’s recommendations are summarized below:

**Gov.**

**FY 2002**

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**Environment First Programs** The Departments of Natural Resources and Agriculture and Land Stewardship provided an update on the progress of the FY 2001 Environment First Fund programs and also presented the Governor’s recommendations for FY 2002 from the RIIF and the Environment First Fund. The FY 2002 recommendations are summarized below:

**More Information** Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/subcom/trans_infra/trans_infra.htm>

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

HF 166 (English as a Second Language Bill) Passes House Education Committee

**HF 166** House File 166 passed the House Education Standing Committee on January 31. The Bill extends the time period from three to four years, during which the additional weighting for limited English proficient pupils (ESL) may be obtained.

**Fiscal Estimate** If enacted, HF 166 would take effect FY 2003 and would increase State aid approximately $2.4 million and local property taxes approximately $340,000.

**More Information** More information concerning this estimate is available from the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Department of General Services - Routine Maintenance Quarterly Report



**Quarterly Report Submitted** The Department of General Services submitted the second quarter routine maintenance report in accordance with Chapter 1225, Section 5(3), 2000 Iowa Acts. The report details the allocation and expenditure of funds appropriated for routine maintenance. The General Assembly appropriated $2.0 million for FY 2001 to the Department for routine maintenance needs of State facilities. The Governor’s Vertical Infrastructure Advisory Committee established the policy to distribute the funds to State agencies on a square-foot basis.

**FY 2001 Summary** The following table summarizes the quarterly report and shows the total FY 2001 allocation for each State agency and the amount expended and encumbered through December 31, 2000.

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

STAFF CONTACT: David Reynolds (Ext. 16934)

Iowa Communications Network (ICN) Video Classrooms



**ICN Classrooms** Since the end of December 2000, the Iowa Communications Network (ICN) has added two interactive video classrooms, at the Ericson Public Library in Boone and the National Weather Service Office in Johnston. This brings the total number of classrooms to 739. 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

|  |  |
| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 99 |
| K-12 School Districts | 385 |
| Other Education | 8 |
| Libraries | 45 |
| Medical Facilities | 9 |
| Private Colleges | 19 |
| Regents Institutions | 31 |
| National Guard | 56 |
| State Agencies | 51 |
| Federal | 16 |
| Miscellaneous | 4 |
| Classrooms Total | 739 |

**Web site** 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.

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

President Bush’s Education Plan

**Bush’s Education Reform** President Bush released his proposal for federal education reform on January 23. The proposal entitled “No Child Left Behind” is available on the U.S. Department of Education web site ([www.ed.gov](http://www.ed.gov)).

**NCSL Review** The National Conference of State Legislatures (NCSL) published a brief review of the President’s proposal on their web site ([www.ncsl.org/statefed/alert1.htm](http://www.ncsl.org/statefed/alert1.htm)).

**ECS Status Report** Also, the Education Commission of the States (ECS) has issued a report entitled “Building on Progress – How Ready Are States To Implement President Bush’s Education Plan?” This status report is located on the ECS web site at ([www.ecs.org](http://www.ecs.org)).

**Accountability** Both NCSL and ECS indicate that the President’s proposal is modeled after recent reforms in Texas and many other states. Accountability is the main theme of the proposal, including national testing. States would be allowed to use their own testing scheme. New accountability provisions would require testing of all students in grades 3-8 as a condition of receiving federal funds.

**Move Toward Block Grants** The President’s proposal also moves toward broader, programmatic block grants and recognition of the enhanced role of states in establishing education policy, funding K-12 education, and requiring results.

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Iowa Commission of Libraries Presents Priorities



**Library Report Submitted** Based upon the recommendations of the Library Services Task Force established by Governor Vilsack, the Iowa Commission of Libraries has submitted its Library System Priorities Report to the General Assembly and the Governor. Many of the recommendations are directed to the Iowa library community for implementation, while others require legislative action.

**Recommendations** The recommendations directed to the General Assembly are:



* **Replace the Iowa Regional Library System with Unified Library Service Districts.** Each district would be governed by a policy-making board of seven members appointed by the Commission. Each board would hire a District administrator. Representation on the boards would include AEA Media Divisions, public library trustees, librarians, and community colleges. Funding would be divided equally among the seven Districts. AEA boards would be required to include a Unified Library Service District representative. Employees of the Districts would be State employees for purposes of salary and insurance.

Currently, each of the seven regional libraries are divided into geographic districts that elect representatives to a board of trustees that governs the region and appoints an administrator. Regional library employees are not State employees for purposes of salary or benefits. The annual state appropriation to regional libraries is allocated as follows:
* 60.0% per capita
* 25.0% equally among the regions
* 15.0% in proportion to the geographic area of each region

The FY 2001 appropriation for regional libraries was $1.7 million. The Governor is recommending no change in funding for FY 2002. The regional libraries currently employ a total of 25.0 FTEs.

* **Provide support for school library programs.** The Commission recommends the General Assembly direct the State Board of Education to promulgate rules requiring AEA Media Divisions to provide support services such as consulting, continuing education, interlibrary loan, and reference services to school libraries. The Commission also recommends the General Assembly appropriate additional resources to the Department of Education to reinstate the position responsible for ensuring quality school library service. The position was eliminated in 1993.
* **Provide Iowans free access to more information.** The Commission recommends the General Assembly appropriate funding to license additional databases to meet the increasing information needs of Iowans.
* **Provide Iowans faster Internet access at their libraries.** The Commission recommends developing the means to provide affordable, direct high-speed Internet connections at libraries. Only 19.0% of Iowa public libraries currently have these connections.



* **Require joint planning and services between the State Library, the Unified Library Service Districts, and the AEA Media Divisions.** The Commission recommends the General Assembly adopt a statutory requirement for joint planning and service delivery to enhance the library service support network.
* **Initiate a study of municipal and county support of public library funding.** The study would:
* Determine whether cities and counties are in compliance with Section 256.69, Code of Iowa, regarding support of public libraries.
* Identify inequities between city and county funding.
* Determine the adequacy of the current minimum levy of $.0675 per $1,000 dollars assessed value.

Currently, cities in Iowa support library service at an average of $.96 per $1,000 assessed value, while counties support it at an average of $.17 per $1,000 assessed value.

* Change current law to provide options for different local library system structures. Such legislation would allow multi-county and city/county library governance structures. Current law allows for only city or county libraries.

**More Information** The full Library System Priorities Report and the recommendations of the Library Services Task Force are available on-line at <http://www.silo.lib.ia.us/LibraryServices/LStaskforce.htm>. The information may also be obtained by calling the State Library at 281-4105.

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*This document can be found on the LFB web site:* <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>