FISCAL UPDATE February 26, 2001

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FY 2001 Deappropriations Bills – HF 399 and SF 267 Pass Appropriations Committees



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**Public Hearing**

**Deapprops. Bill** House File 399 and SF 267 (FY 2001 Deappropriations Bills) deappropriate a net total of $35.3 million from FY 2001 General Fund appropriations. The deappropriated amount is equal to 0.7% of the current total General Fund appropriated amount of $4.882 billion. The Deappropriations Bills also contain a supplemental appropriation to the Department of Revenue and Finance.

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| --- | --- | --- | --- |
| Funding Summary | | | |
| Deappropriations Bills | | | |
| Senate File 267 and House File 399 | | | |
|  |  |  | FY 2001 |
| Revenue Transfers to General Fund | |  |  |
|  | State Strategic Plan 2010 Transfer |  | $ 82,645 |
|  | Enhanced Court Collections Transfer |  | 4,000,000 |
|  | Jury Witness Revolving Fund Transfer |  | 598,869 |
|  | Pooled Technology Account Transfer |  | 700,000 |
| Total Transfers | |  | $ 5,381,514 |
|  |  |  |  |
| Deappropriations | |  |  |
|  | Administration and Regulation |  | $ 2,832,888 |
|  | Agriculture and Natural Resources |  | 1,300,000 |
|  | Economic Development |  | 1,080,000 |
|  | Education |  | 12,000,000 |
|  | Health and Human Rights |  | 697,000 |
|  | Human Services |  | 8,472,110 |
|  | Justice Systems |  | 5,401,131 |
|  | Transportation, Infrastructure, and Capitals |  | 100,000 |
|  | Unassigned Standings |  | 2,400,000 |
| Net Deappropriations | |  | $34,283,129 |
|  |  |  |  |
| Total Impact of Bill on General Fund | |  | $39,664,643 |

**Public Hearing** There was a public hearing on the Bill on Monday, February 26, at 6:00 p.m. in the House Chamber.

### NOBA

**NOBA** Copies of the Notes on Bills and Amendments (NOBA) are available from the Legislative Fiscal Bureau (LFB). The NOBA is also available at the LFB’s web site at: <http://staffweb.legis.state.ia.us/lfb>

STAFF CONTACT: Jennifer Dean (Ext. 17846) Jeff Robinson (Ext. 14614)



Teacher compensation reform and student achievement savings account fund - HSB 165 Passes House Full Appropriations Committee

**Teacher Compensation** House Study Bill 165 passed the House Full Appropriations Committee on February 21. The Bill creates the Teacher Compensation Reform and Student Achievement Savings Account Fund and appropriates $40.0 million to the Fund from the General Fund for FY 2002.

### NOBA

**NOBA** Copies of the Notes on Bills and Amendments (NOBA) are available from the Legislative Fiscal Bureau (LFB). The NOBA is also available at the LFB’s web site at: <http://staffweb.legis.state.ia.us/lfb>

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Budget Guarantee Bill – SF 203 Passes Senate

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**Budget Guarantee** The Senate passed SF 203 on February 22. The Bill provides the following:

* A budget guarantee provision for FY 2002 that allows school districts with declining enrollments to receive additional funds that guarantee the FY 2002 regular program district cost is equal to 100.0% of the FY 2001 total program district cost. Total cost of this plan for FY 2002 is approximately $7.7 million and is funded entirely through property taxes.
* A budget guarantee provision for FY 2003 that allows school districts with declining enrollments to receive additional funds that guarantee the FY 2003 regular program district cost is equal to 100.0% of the FY 2002 total program district cost. Total cost of this plan for FY 2003 is approximately $5.3 million and is funded entirely through property taxes.

**Approval Required** School districts eligible to receive the budget guarantee must have approval of the school district board of directors.

**Estimates Available** District by district estimates of budget guarantee amounts are available from the Legislative Fiscal Bureau, or from the LFB website at: <http://staffweb.legis.state.ia.us/lfb/subcom/ed_standing/Spreadsheets.htm>

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Tobacco Settlement Authority Sunset Extension – SF 258 Passes Senate

**Sunset Extended** The Senate passed SF 258 on February 22. The Bill extends the Tobacco Settlement Authority’s sunset provision to December 31, 2001. Under current law, the Authority will sunset March 1, 2001. The Authority needs to be in existence to meet State bonding requirements, ifthe decision is made to securitize the tobacco payments the State is scheduled to receive under the Master Settlement Agreement.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Child Endangerment – SF 63 Signed by Governor



Governor

Signed

**Governor Signed** The Governor signed SF 63 on February 16. The Bill expands the definition of who may be charged with child endangerment to include a person in the household in which a child or minor resides. Senate File 63 provides that child endangerment includes actions intended to cause bodily injury. Current law provides such acts are limited to serious injury. The Bill imposes a non-forcible Class D felony for child endangerment resulting in bodily injury. Current law provides that child endangerment not resulting in serious injury is a serious misdemeanor.

**Correctional Impact** Correctional Impact: It is estimated there will be eight fewer jail admissions during FY 2002, and 16 fewer admissions each year thereafter. On an annual basis, there will be three fewer child endangerment cases, five fewer simple misdemeanor assault cases, and eight fewer serious misdemeanor assault cases.



**Admissions Will Increase** Admissions to the State prison and Community-Based Corrections (CBC) systems will increase. There will be an estimated 19 new admissions to the prison system in FY 2002 and 37 new admissions during FY 2003 and each year thereafter. The prison population will increase by an estimated19 inmates during FY 2002, 58 inmates during FY 2003, and 73 inmates during FY 2006.

**Impact on CBC** Admissions to CBC residential facilities will increase by two during FY 2002 and four each year thereafter. Admissions to street supervision (parole and probation) will increase by 10 during FY 2002, 21 in FY 2003, and 58 in FY 2006.

**Fiscal Impact** Fiscal Impact: Total State criminal justice system (prisons, CBC, and Judicial Branch) cost of SF 63 ranges from $265,000 to $406,000 for FY 2002. Total State costs for FY 2003 range from $506,000 to $650,000.

**County Savings** Total statewide savings for county jails are estimated to be $7,000 during FY 2002 and $14,000 annually thereafter.

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

STAFF CONTACT: Beth Lenstra (Ext. 16301)

SEnate study bill 1027- hunting and Fishing license Fees passes senate natural resources subcommittee

C:\Program Files\Microsoft Office\Clipart\standard\stddir1\bd06148_.wmf**Fishing and Hunting Fees** The Senate Natural Resources Subcommittee passed SSB 1027 (Hunting and Fishing License Fees) on February 22. The Bill increases the fees paid for various licenses, and the funds are deposited into the Fish and Wildlife Trust Fund. Some of the changes include:

* A resident fishing license will increase from $10.50 to $14.00, and a non-resident fishing license will increase from $22.50 to $36.00.
* A resident hunting license will increase from $12.50 to $14.00, and a non-resident hunting license for age 18 and over will increase from $60.50 to $80.00.
* A resident turkey license will increase from $22.50 to $25.00, and a non-resident turkey license will increase from $75.50 to $125.00.

**Fish & Wildlife Trust Fund** The Department of Natural Resources estimates there will be an increase of $6.5 million to the Fish and Wildlife Trust Fund. The Agriculture and Natural Resources Subcommittee appropriates from the Fish and Wildlife Trust Fund to the Fish and Wildlife Division in the Department of Natural Resources for operations.



STAFF CONTACT: Deb Kozel (Ext. 16767)

Administration and Regulation Appropriations Subcommittee

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met on February 20. The agencies that receive General Fund appropriations discussed a possible deappropriation of 5.0% for FY 2001.

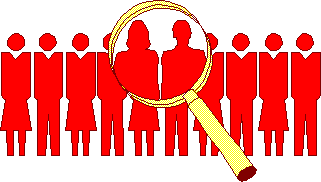
**Auditor’s Office** Warren Jenkins, Deputy Auditor of State, provided information on targeted areas of reductions. The reductions would include: salaries, postponement of technology upgrades, out-of-state travel, postponement of training, and office supplies savings.

**Secretary of State** Bob Galbraith, Deputy Secretary of State, indicated that a reduction would lead to layoffs and reduction of services.

**Governor’s Office** Elizabeth Buck, Director for the Office of the Governor, indicated that a deappropriation would have a large impact on her Office and asked the Subcommittee to tell her what areas should be cut.

**Treasurer of State** Bret Mills, Deputy Treasurer of State, and Stefanie Devin, Deputy Treasurer of State, indicated that the Office had not requested an increase to their budget for nine years. They also indicated that any reduction would lead to cuts in service.

**Dept. of Management** Cynthia Eisenhauer, Director of the Department of Management, gave an overview of the status of the balance in the General Fund. Ms. Eisenhauer also suggested that FY 2001 was not the place to make any reductions. She indicated that any shortfall in revenues would be better addressed in the FY 2002 appropriations.



**Dept. of Personnel** Mollie Anderson, Director of the Iowa Department of Personnel, indicated any reduction would lead to reductions in services and layoffs. Ms. Anderson also advised the Subcommittee on the timeframes and additional costs involving layoffs.

**Dept. of Revenue & Finance** Gerald Bair, Director of the Department of Revenue and Finance, indicated that any reduction would lead to a reduction in services and a delay in processing income tax returns. He also indicated that the Department’s appropriation is already $500,000 short of what is needed.

**Inspections & Appeals** Kevin Techau, Director of the Department of Inspections and Appeals, indicated that any reduction in funding would mean a reduction in services, and he asked the Subcommittee to let him know which statutory obligation his Department should omit.

**Dept. of Commerce** Holmes Foster, Director of the Department of Commerce, indicated that a reduction in expenditures means a reduction in revenue and services.



**Dept. of General Services** Richard Haines, Director of the Department of General Services, indicated the Department has already faced budget constraints caused by the increased need for snow removal, increased energy costs, and the increased costs of health insurance. Mr. Haines told the Subcommittee that a reduction of 5.0% to the Department’s FY 2001 budget would lead to the layoff of 66 of the Department’s 165 employees. He also requested the Subcommittee to tell him which statutory obligations his Department should omit.

**Ethics/Campaign Disclosure** Charlie Smithson, Legal Counsel for the Ethics and Campaign Disclosure Board, indicated that any reduction would lead to a reduction in services. Mr. Smithson advised the Subcommittee that it would be the Board’s preference to determine what services to reduce rather than the Subcommittee.

**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. 16765)

Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met February 20. The following topics were discussed:

**Biomass Project** Marty Braster and John Sellers, members of the Chariton Valley Rural Community Development, provided an update on the Biomass Production and Research Project being conducted in southern Iowa. The Project promotes switchgrass as an alternative cash crop for producing energy. Currently, there are 4,000 acres of switchgrass grown on land enrolled in the Conservation Reserve Program.

C:\Program Files\Microsoft Office\Clipart\standard\stddir1\bd05120_.wmf**Iowa Grape Industry** Ron Mark, Summerset Vineyards, and Paul Tabor, Tabor Home Vineyards, provided an update on the Iowa grape industry. Currently, there are 30 acres of grape production in Iowa. The two established wineries in Iowa obtain approximately 50% of the needed grapes from Iowa producers. The remaining grapes are purchased from out of state. The Iowa grape growers proposed that $0.10 of the $1.75 per gallon wine tax be designated for the development of an Iowa Grape Growers Industry. It is estimated the funds would be approximately $223,000 and would be used to provide technical assistance to Iowa vineyards.

**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

**Econ. Development Sub.** The Economic Development Appropriations Subcommittee heard presentations from the Regents Universities on selected economic development programs.



**Small Business Programs** Ron Manning, Director of the Small Business Development Centers (SBDC), described the Iowa State University Program. The Iowa Program is one of 50 state programs funded through the U.S. Small Business Administration and with State matching funds. The Program has been in operation for 20 years and serves small and medium businesses. Approximately 99.0% of all Iowa businesses meet the federal definition of small business. The Centers provide one-on-one counseling, technical assistance, workshops, networking, and business forums. Resources are available to help individuals start a business, manage employees, and use technology. In 2000, the Centers served over 11,000 small businesses. Mr. Manning noted that for each $1.00 spent by the Program, $3.30 was returned in tax revenues.



**IPRT**  Tom Barton, Director of the Institute for Physical Research and Technology (IPRT), presented information on the Program located at Iowa State University. The Program is an outgrowth of the Ames Laboratory that is supported by the U.S. Department of Energy. The Program offers fundamental and applied research to businesses in Iowa. In the past five years, the Institute has performed 840 research projects for Iowa companies. Mr. Barton gave examples of applied research and technological developments that have been transferred across businesses. One device was developed to examine the separation of airplane wing-heating elements from the inside of the wing surface. The separation makes icing a greater problem. The technology was used by another metal laminating company to solve a plating separation problem.



**Decision Making Institute** Randy Pilkington, Director for the Decision Making Institute, discussed the Program based at the University of Northern Iowa. The Program focuses on community and economic development rather than directly assisting businesses. It offers services in the areas of strategic planning, organizational assessment, community assessment, community-based planning task forces, laborshed employment studies, GIS-mapping, and special research projects. (The laborshed study responsibilities are to be transferred to the Iowa Workforce Development.) The Institute also maintains web-based databases for use in economic development projects around the State. The information is useful for communities and local employers in assessing the viability of projects and businesses in various locations.

**Univ. of Iowa** David Skorton, Vice President for Research, University of Iowa, was available for comments and questions.

**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/econ_dev/econ_dev.htm>.

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

HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

**Human Services Sub.** The Human Services Appropriations Subcommittee met the week of February 19.

**Information Received** On February 20 and 21, the Subcommittee received information from several presenters.

**Court Officers** John Waters and Bridget Hayes, District Chief Juvenile Court Officers, presented the following recommendations:



* Increase funding for graduated sanction programs.
* Transition and convert beds at the Iowa Juvenile Home at Toledo.
* Continue progress on Empowerment Zones.
* Implement legislative intent language to require notification by DCI when sex offenders released from custody with an “at risk” or “high risk” assessment move into a community.
* Sunset the Court Ordered Services Planning Group.

**Lutheran Social Services** Roger Gutmann, Lutheran Social Services, discussed the need to keep private providers able to provide quality services to meet the needs of children and families.

**Iowa Family Policy Ctr.** Chuck Hurley and Mike Hartwig, Iowa Family Policy Center, presented information that promotes marriage to help meet critical human service needs. They requested TANF funding to help address this need.

**Teen Challenge Center** Bruce Ouverson and Warren Hunsburger, Teens Challenge Center in Colfax, Iowa, discussed services provided by the Center, its faith-based connection, and its relationship with centers in other states. They also spoke of current and planned expansion of facilities and persons able to be served.



**Opportunities Unlimited** Bob Vanderplaats, Opportunities Unlimited, Sioux City, Iowa, presented information on brain injury. He emphasized the contrast in service needs and costs of serving persons with brain injury verses persons with mental retardation. He made the following recommendations:

* Create a new provider classification in Medicaid for facilities that serve persons with brain injury.
* Provide an exemption from federal Medicaid regulations to allow facilities to serve persons with brain injury who are age 22 and above.
* Improve reimbursement to these facilities which serve persons with brain injury without harming reimbursement to facilities providing other service needs.



**Nursing Facility Reimburs.** Cathy Anderson, representing the Iowa Department of Human Services (DHS), and Chris Kneer, Myers and Stauffer, provided follow-up information on recommended changes to the proposed reimbursement methodology for nursing facilities. The followup resulted from legislative concerns to avoid excessive profits and to give financial incentives to nursing facilities to increase direct care services. Changes will be incorporated into the proposed model to address the legislative concerns.

**Future Meetings** The co-chairpersons announced that the Subcommittee meetings are completed except for possible caucus meetings to set priorities for the FY 2002 appropriations bill and to possibly formulate a proposed appropriations bill.

**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/human_serv/human_serv.htm>.

STAFF CONTACT: Sam Leto (Ext. 16764) Sue Lerdal (Ext. 17794)

Justice System Appropriations Subcommittee

**Dept. of Corrections** On February 20, Department of Corrections (DOC) Director Kip Kautzky discussed the following issues with the Subcommittee:

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* Inmate population growth.
* Federal Bureau of Prisons contract. The State has signed a 10-year agreement to hold federal prisoners in the State prison system. The Governor is estimating this will increase State General Fund receipts by $2.6 million annually in FY 2001 and FY 2002.
* Inmate labor.
* Prison farms.
* Inmate law libraries. These libraries are required due to a federal court decision.



* The medical services at Iowa State Penitentiary at Fort Madison. The General Assembly required the contracted positions to be converted to State employees during FY 2001.
* Review of utility expenditures at the nine State prisons.
* Telephone Rebate Funds. The Legislative Fiscal Bureau recently released an ***Issue Review*** regarding this topic.
* State contracts. Personal services contracts are used primarily for medical services and treatment programs.
* Construction update at the following locations: 200-bed Special Needs Unit at Fort Madison, 45-bed addition at the Dubuque Residential Facility, and the 25-bed addition at the Council Bluffs Residential Facility.



**Crim./Juvenile Justice** Staff from the Criminal and Juvenile Justice Planning Division of the Department of Human Rights projects that the Iowa prison population will reach 12,400 inmates by FY 2010 if current correctional policies and laws remain in place. If this growth occurs, Iowa will need to construct five additional prisons by FY 2010. Each new prison costs $45.0 million to construct and $25.0 million for annual operations. Director Kautzky provided the following options as refinements to Iowa’s Criminal Code:

* Alternative sentence of probation for certain Class D or Class C felons.
* Waiver of certain mandatory minimum sentences.
* Intent language directing the Board of Parole to implement a parole and work release plan so as to balance the prison population with available bed space.
* Amend the definition of suspended sentence to include a portion of that sentence.
* Permit a residential substance abuse treatment facility to be a requirement of probation or to be used as an intermediate sanction.
* Codify conditions of probation.
* Intent language creating a task force composed of: the Chief Justice of the Supreme Court, the Attorney General, the Director of the DOC, the Director of the Department of Public Safety, the Chair of the Board of Parole, a county attorney, the State Public Defender, and the Director of the Criminal and Juvenile Justice Planning Division. The task force would be required to meet quarterly to examine criminal justice system issues on an ongoing basis. The Criminal and Juvenile Justice Planning Division would be required to submit an annual report to the General Assembly on any findings or recommendations of the task force.

**Restorative Justice** On February 21, the Subcommittee received information regarding community restorative justice, including an overview. The three primary components of community restorative justice are the victim, the offender, and community involvement. Examples of community restorative justice include: victim-offender mediation, victim impact classes, accountability boards, and family group conferencing.

**More Information** Agendas, minutes, and handouts can be obtained on the Justice System web site. The address is: <http://staffweb.legis.state.ia.us/lfb/subcom/justice/justice.htm>

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

FEDERAL FUNDS RELEASED FOR CAREGIVER SUPPORT PROGRAM



**Federal Grants Released** On February 15, the U.S. Department of Health and Human Services released $113.0 million in grants to states under the new Family Caregiver Support Program. The grants will be used by states to run programs that provide support, home and community-based services, and other assistance to families caring for elderly family members. The Program was created under the reauthorization of the federal Older Americans Act that President Clinton signed on November 13, 2000.

**Dept. of Elder Affairs** As a result of the new grant program, the Department of Elder Affairs will receive an allocation of $1.4 million. The Department will work closely with local area agencies on aging to develop and expand systems of support that are designed to ease the burden on family caregivers. The eligible services that may be provided for this purpose include information and assistance in gaining access to services; counseling; support groups and caregiver training; respite care; and supplemental services such as home care, personal care, and adult day care on a limited basis.

**Matching Funds Required** The funds require a 25% match and will be expended in FY 2001. In addition, the funds are provided with the condition that they cannot supplant current funding. The distribution of these funds was based on a state’s relative number of elderly in need, taking into account age, poverty, minority status, and the state’s capacity to meet those needs. As a result, states with weak tax bases will receive more funding due to their inability to fund the needs of their elderly population from state resources.

**Use of Funds** States are allowed to use funds under the Family Caregiver Support Program for area plan administration. The requirements for quality standards, data collection, reports, and maintenance of state and local efforts for caregiver support services were established and set forth in the reauthorized Older Americans Act.

**Program Background** The Family Caregiver Support Program is the largest new support program under the Title III Section of the Older Americans Act since Congress established nutritional programs to serve the elderly in 1972. The Section provides funding for state and community programs, with the three major state programs, including supportive services, congregate meals, and home-delivered meals.

STAFF CONTACT: Lisa Burk (Ext. 16765)

Transportation Equity Act for the 21st Century (TEA-21) Authorizes Federal Grants for safety programs



**Federal Grants** The Department of Transportation will receive $113,000 in federal funds to implement child passenger protection programs designed to prevent motor vehicle crash deaths and injuries to children. The funds will be used to educate and train the public and child safety professionals on all aspects of child passenger safety, including the proper use and installation of child safety seats, booster seats, and seat belts.

**Increase Seat Belt Use** The Department will also receive $304,000 in federal funds for finding creative new approaches to increase seat belt use. The main focus will be on highly visible enforcement of seat belt laws, combined with public information.

**TEA-21 Legislation** The grants are authorized by Section 2003(b) of TEA-21, which President Clinton signed into law on June 9, 1998. The TEA-21 legislation provides for $500.0 million over five years for states to increase seat belt use, and another $700.0 million over six years for states to enact and enforce tough laws to prevent alcohol-impaired driving.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Board of Regents Meeting



**Board Meeting** The Board of Regents met on February 21 and 22 in the Scheman Building at Iowa State University in Ames. Significant agenda items included:

* Approved a new bachelor’s program in classical studies at Iowa State University (ISU).
* Received accreditation reports for the following programs at ISU:
* College of Business.
* Doctoral Specialization in Marriage and Family Therapy.
* Hotel, Restaurant, and Institutional Management.
* Met as Trustees of the University of Iowa Hospitals and Clinics to review the quarterly financial report and other issues.

**Next Meeting** The next meeting of the Board is scheduled for March 21 and 22 at the University of Northern Iowa in Cedar Falls.

STAFF CONTACT: Mary Shipman (Ext. 14617)

SENIOR LIVING COORDINATING UNIT MEETING

**Meeting Held** The Senior Living Coordinating Unit met February 16 and conducted the following business:



**Iowa to Receive Grant** Beth Bahnson, Department of Elder Affairs, reported that Iowa is one of seven states that will receive a Robert Wood Johnson Coming Home System Change Grant. The Department will receive a total of $300,000 in funds over a three-year period. The grants will be used to fund two related projects, the first of which involves building Iowa’s capacity to provide affordable assisted living, primarily in rural areas. The second project will involve pilot monitoring for quality in the Assisted Living Services Program. The Department will partner with several other governmental agencies and organizations in the aging network for the purpose of these projects.

**Accountability Measures** Cindy Haverkamp, Department of Human Services (DHS), reported on the progress of the development of nursing facility accountability measures. She indicated that DHS is working with a subcommittee to develop these measures and process them for review and implementation. In addition, the subcommittee is working on the process for scoring the measures.



Senior Living Program

**Senior Living Program** Greg Anliker, Department of Elder Affairs, reported on Senior Living Program data for the second quarter of FY 2001. The data reflected that 1,719 elderly persons received unduplicated services as a result of the Senior Living Program from October to December 2000. Mr. Anliker noted these are individuals who would not have received services or not the same level of service without the home and community-based services provided through the Senior Living Program. In addition, Mr. Anliker presented a report for December 2000 that reflected the unmet needs of clients who receive services as a result of the Senior Living Program. The report indicated that a lack of service providers continues to be a challenge and is a contributing factor in terms of the unmet needs of clients.

**Adult Day Care/Respite Care** Joel Wulf, Department of Elder Affairs, gave an update on adult day services and respite care in the State. Mr. Wulf noted there are 54 existing providers and 27 new providers approved under the DHS conversion process. Since a mechanism for oversight and consumer complaint investigation for adult day service providers does not exist, the Department of Elder Affairs is proposing legislation to establish a system of this nature. A work group has been established and will continue to work collaboratively toward this resolution.

**Older Americans Act** Judy Conlin, Department of Elder Affairs, reported that Congress reauthorized the federal Older Americans Act in October 2000. As a result of the reauthorization, the Family Caregiver Support Program was created under Title III-E, which will provide grant funding to states in the amount of $113 million. The Department of Elder Affairs will receive Iowa’s allocation in the amount of $1.4 million, which will be used to provide services to families caring for elderly family members. It was noted that these funds will be used to expand services and cannot be used to supplant other funds.



**Immigration Workforce Sub.** Ms. Conlin also provided an update on the formation of an Immigration Workforce subcommittee. The subcommittee has been formed to study and plan for the inclusion of immigrants in the elder care workforce, and the first meeting was held February 8. Subcommittee participants include representatives from the Department of Elder Affairs, the Iowa Caregivers Association, Aging Resources of Central Iowa, Hawkeye Valley Area Agency on Aging, and the Iowa Health Care Association. The Department of Economic Development has also been invited to participate.

STAFF CONTACT: Lisa Burk (Ext. 16765)

Commission Approves Applications for the City of Denison



**Denison RISE Grant**  On January 9, the Department of Transportation (DOT) Commission approved the Revitalize Iowa’s Sound Economy (RISE) Immediate Opportunity grant and Rail Economic Development grant for the City of Denison. Both grants are necessary to improve access to a proposed new Mechanized Distribution Services facility in Denison.

**Commission Approved** Under the RISE Immediate Opportunity grant, the Commission approved $300,000 to relocate approximately 1,050 feet and widen approximately 650 feet of Industrial Drive in Denison. The Commission approved $100,000 under the Rail Economic Development grant to construct a rail spur on the Canadian National Railroad in Denison.

**Economic Impact** According to the City, both projects will assist in the following:

* The creation of 110 new jobs at Mechanized Distribution Services.
* $23.9 million in associated capital investments.

**Road Project - Local Partic.** The City proposes $120,000 local participation (28.0%) in the $430,000 road project. The RISE cost per job assisted will be $3,000, and there will be a total capital investment of $80 for each RISE dollar requested.

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**Rail Project – Local Partic.** The City proposes $100,000 local participation (50.0%) in the $200,000 rail project. The Rail Economic Development cost per job assisted will be $900, and there will be a total capital investment of $240 for each Rail Economic Development dollar requested.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Department of Transportation in Short Supply of Salt

**State Salt Supply** On February 21, Mark Wandro, Director of the Department of Transportation (DOT), spoke with the Senate Transportation Standing Committee concerning the increasing depletion of the State’s salt supply. Mr. Wandro said the DOT uses about 20,000 tons of salt during a severe winter storm. According to a DOT press release two weeks ago, the total salt supply was exhausted to approximately 35,000 tons. Since then, however, the DOT has received another supply, and has a total of 50,000 tons in reserve.

**Increased Use & Cost** The press release also stated that the DOT has used 205,000 tons of salt to date – a record level. The DOT has ordered an additional 85,000 tons, but deliveries are not arriving as quickly as needed. In addition, the cost of salt has increased from $33 to $80 per ton. The increase in cost is primarily attributable to a shortage in salt supplies and the salt transportation costs associated with rising fuel prices.



**May Need New Policy** Mr. Wandro stated that if the situation becomes critical, a new policy will be implemented that will necessitate using 50.0% salt and 50.0% sand on interstates, and 30.0% salt and 70.0% sand on two-lane roads.

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REQUIRED REPORT RECEIVED BY THE HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE



**Report Received** A report from the Department of Human Rights, Division of Criminal and Juvenile Justice Planning, required in Section 232.190, SF 2429 (FY 2001 Health and Human Rights Appropriations Act) has been received.

**Juvenile Justice** The report, Fiscal Year 2001 Program Summary of Juvenile Justice Youth Development Allocation Funding and Juvenile Accountability Incentive Block Grant Funding to Cities and Counties, outlines the program performance measures and effectiveness of services and activities through the Community Grant Fund.

**Copies Available** The report was submitted on time and copies are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Lisa Burk (Ext. 16765)

LOTTERY REVENUES AND EXPENDITURES THROUGH January



 **January Rev./Exp.** Through January, FY 2001 Lottery game revenues increased $3.2 million from the FY 2000 level. Lottery prize expenses increased $1.9 million, operating expenses increased $1.6 million, and transfers to State funds decreased $824,000. 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 January, compared to the same time period of FY 2000, were as follows:

* Instant ticket sales decreased $3.4 million (6.9%).



* Pick 3 sales increased $26,000 (1.2%).
* Multi-State Powerball sales increased $6.8 million (33.0%).
* Cash 4 Life sales decreased $1.4 million (73.9%).
* Daily Game sales decreased $331,000 (12.1%).
* Pull-tab sales decreased $245,000 (1.6%).

**Ticket Sales** Total Lottery sales through January were $95.4 million, an increase of $3.2 million (3.4%) compared to January 2000. July through January 2000 sales for Pick 3 and Powerball were above sales for the same period during FY 2000. Freeplay Replay, which was not offered until March of 2000, had sales through January of $0.5 million, and Rolldown, which was not offered until September of 2000, had sales through January of $1.3 million.

**Estimated Transfers** The December Revenue Estimating Conference (REC) projected FY 2001 Lottery profit transfers to the General Fund will total $32.5 million. Actual profit transfer for FY 2000 was $35.7 million. Therefore, the REC is currently estimating General Fund Lottery transfers will be $3.2 million (9.0%) lower in FY 2001 than in FY 2000. Through January, FY 2001 transfers to the General Fund are $834,000 (4.1%) below FY 2000.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $4.8 million in sales tax during FY 2001.

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*Issue Review:* Department of Corrections - Telephone Rebate Fund



**Telephone Rebate Fund** The LFB recently released an ***Issue Review*** concerningthe Telephone Rebate Fund of the Department of Corrections (DOC). Inmates of the DOC Institutions use a pay telephone system for personal calls, and the DOC receives the net receipts (rebates) from the vendor. Receipts are to be used for the benefit of inmates, per statute. The DOC is currently bidding services for equipment, equipment maintenance, call blocking and monitoring, taping equipment, billing details, and a direct billing system. Bids are being sought due to the expiration of the current contract.

**Background**  Much of the background information and many of the issues related to the telephone rebate system can be categorized as follows:

* Revenue and cash flow.
* Fund expenditures.
* Distribution of receipts.
* Telephone call rates and monitoring.

**Revenues/Cash Flow Revenues and cash flow:** Revenues have been steadily decreasing and expenditures have been increasing since FY 1998, as indicated in the table below:



**Telephone Rebate Fund Financial History**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fiscal Year | Beginning Balance | Revenues | Expenditures | Ending Balance |
| 1998 | $826,500 | $2,416,900 | $1,322,500 | $1,920,800 |
| 1999 | $1,920,800 | $2,378,900 | $2,024,100 | $2,275,600 |
| 2000 | $2,275,600 | $1,022,700 | $2,159,900 | $1,138,400 |
| 2001 | $1,138,400 | \*$1,277,200 | \*$1,967,200 | $448,400 |

\*Revenues and Expenditures are estimated for FY 2001.

**Actual Receipts** Actual receipts for FY 2001 may only be $900,000. This issue is further complicated by cash flow problems. It may be up to 90 days from the end of the month when the telephone call was placed to when net receipts are provided to the DOC.

**Revenue Decreasing** Revenue is decreasing due to:



* The DOC lowered the calling rates.
* The federal 1996 Telecommunications Act changed the billing process relating to third party billing procedures. For a period during FY 2000, some recipients may not have been billed for inmates’ telephone calls. The vendor is in the process of billing these recipients.
* The DOC received a guaranteed 52.0% commission when it used a private vendor’s services. Now that the DOC uses the Iowa Communications Network (ICN) as the carrier, the DOC is paid net receipts.

**Unpaid Accounts** The DOC and the ICN are reviewing options for collecting unpaid accounts. Some states limit the amount of telephone numbers an inmate can call. Some states use a calling card that the inmate purchases at the canteen. Some states limit the unpaid calling account balance an inmate may accumulate before his/her ability to place collect calls is blocked.

**Projects** Declining revenue creates a problem with ongoing expenditures. The DOC has committed approximately $1.0 million annually for certain projects for multiple years. These projects include: victim programs, the InnerChange Program at Newton, inmate legal services, education, and the Braille and Automotive programs. Revenues may be adequate for these dedicated expenditures, but there will be a significant decrease in the FY 2001 ending fund balance.



**Fund Expenditures Fund Expenditures:** The receipts are to “be used for the benefit of inmates” according to Chapter 904.508A, Code of Iowa. Inmate benefits are defined in 201 Iowa Administrative Code, 20.20(5) “as educational, vocational or recreational services or programs, or work or treatment programs for offenders. Expenditures may also be used to initiate new programs, services, or projects”. There are concerns that the DOC is defining “benefit of inmates” rather broadly, including the physical structures to house programs that benefit inmates (for example a green house or a chapel).

**Receipts Distribution of Receipts:** Chapter 904.508A, Code of Iowa, requires the DOC to “establish and maintain” a telephone rebate fund at each Institution. Each Institution does have a telephone rebate fund. Currently, one check is received from ICN that is split among the nine Institutions, based on inmate usage rates, per administrative rules. However, Central Office and the Board of Corrections must approve all requests from Wardens and Superintendents. Institutions have been directed by Central Office to not spend funds during FY 2001 due to declining revenue and the dedicated expenditures cited previously.



**Rates & Monitoring Telephone Call Rates and Monitoring:** States surrounding Iowa were surveyed. The Iowa DOC’s rates are comparable to rates in South Dakota, Wisconsin, Missouri, and Illinois. Generally, rates vary by mileage and time of day the call is placed. All states contacted record or monitor inmate telephone calls due to security concerns. All states contacted, including Iowa, indicate that calls to attorneys are not recorded.



**Alternatives Alternatives:** The General Assembly has amended the Code of Iowa to enhance legislative oversight. However, the Governor vetoed the amendments to Chapter 904.508A, Code of Iowa. There are several other alternatives the General Assembly may choose to consider:

* Implement a system where the inmates use the State phone system and Personal Identification Number (PIN). The PIN could track which inmate made the call, so the cost could be deducted from the inmate’s account. If the inmate has no funds in his/her account, the telephone call could not be made. This is similar to the Minnesota and Nebraska systems.
* Eliminate any net receipts. This option may result in lower telephone rates. This is similar to the Missouri system, where the DOC requests cost recovery from the General Fund.
* Deposit receipts into the General Fund and appropriate funds to the DOC for projects that benefit inmates. This enhances legislative oversight and resolves the cash flow issue.
* Deposit receipts in the General Fund to be used for general purposes. This option would increase General Fund receipts by approximately $1.0 million. It may eliminate currently funded projects that benefit inmates, such as victim programs.

**Copies Available** The General Assembly may wish to review the administration of pay telephone systems used by the Department of Transportation and the Board of Regents. Copies of the ***Issue Review*** are available upon request from the LFB.

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*Issue Review:* Iowa Finance Authority Housing Loan Program



**Finance Authority Loan Prg.** The Legislative Fiscal Bureau has completed an ***Issue Review*** examining the Housing Assistance Fund and the First-Time Home Buyers Mortgage Loan Programs in regard to loan payment delinquencies and defaults. The Housing Assistance Fund Programs make loans for a variety of housing projects, programs, and activities. The Program provides financial assistance for creative and innovative housing projects, which are often multi-family rental units. The First-Time Home Buyer Mortgage Loan Program (also called Iowa FirstHome) assists first-time homebuyers to obtain below-market interest rates on their mortgage loans. The Authority issues bonds to obtain funding for the Iowa FirstHome Program.

**Two Programs** The report discusses the loan delinquencies and defaults by the two programs and the different budget implications for each program. The Housing Assistance Fund Program has greater risk of loss since the Authority typically does not hold the first mortgage on the projects. The Iowa FirstHome Program operates differently. Financial institutions make loans to Iowa FirstHome Program participants, following standard underwriting guidelines. These loans are sold on the secondary market, such as Fannie Mae, and the Authority is not directly at risk for loan defaults.



**Foreclosures** By August 2000, the Housing Assistance Fund Program had five loans in foreclosure, and a sixth was 17 months delinquent. The Authority reports the issues with the projects are being resolved, and the foreclosures are not expected to proceed. The Authority is implementing new underwriting standards to avoid funding future projects that are likely to encounter cashflow problems like those experienced by these projects.

**Copies Available** Copies of the ***Issue Review*** are available from the Legislative Fiscal Bureau or on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

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*ISSUE REVIEW* - CHILDHOOD LEAD POISONING AND PREVENTION



**Childhood Lead Poisoning** The Legislative Fiscal Bureau recently released an ***Issue Review*** regarding Childhood Lead Poisoning and Prevention. Lead poisoning is measured in micrograms (one millionth of a gram) of lead per deciliter (one-tenth of a liter) of blood. A child is determined to be lead-poisoned if a blood lead test indicates a measurement of 10 micrograms of lead per deciliter of blood. This is the level at which the Centers for Disease Control and Prevention (CDC) has determined health effects can start to become significant and the level at which action should be taken to keep the blood lead level from increasing. Iowa’s incidence of childhood lead poisoning is three times higher than the national average. The Iowa Department of Public Health has determined that lead-based paint is most often the source of childhood lead poisoning. Lead-based paint is typically found in older homes, most often built prior to 1960. When compared to the nation, Iowa ranks 6th in the percentage of pre-1960, pre-1950, and pre-1940 housing. In efforts to combat childhood lead poisoning, the Iowa Department of Public Health provides financial assistance to counties to start up and maintain local lead poisoning prevention programs. Local programs serve to:



* Assure that children are tested for lead poisoning.
* Provide blood testing for children when funding is available.
* Conduct environmental and medical case management of lead-poisoned children.
* Provide education and outreach regarding childhood lead poisoning.
* Help manage blood lead testing data and data regarding case management activities.

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**Program Goal** The goal of the Childhood Lead Poisoning Prevention Program is to expand local prevention programs to all of Iowa’s 99 counties. Currently, there are 28 counties in Iowa that do not have local lead poisoning prevention programs. The Department of Public Health estimates that it will cost an average of $17,000 per county to start a new local prevention program. However, since new programs require a significant amount of technical support from the Department, the Department recommends that 9 new programs be started per year. Below is the Department of Public Health estimate to expand and maintain local programs for FY 2002.

**FY 2002 Funding Estimates to Expand/Maintain Local Programs**

|  |  |
| --- | --- |
| Restores funding for original 64 counties\* | $ 100,000 |
| Maintenance funding for 7 new counties created in FY 2001 | 56,000 |
| Start-up funding for 9 new counties in FY 2002 | 153,000 |
| Current State annual appropriation | 39,000 |
| Total State funding FY 2002 | $ 348,000 |

\* Funding to these counties was reduced to start new programs.



**Program Funding** The Childhood Lead Poisoning Prevention Program in the Department of Public Health currently receives State General Fund dollars, as well as federal dollars from the CDC, to support its operations. Below is a five-year history of the federal and State funding for the Childhood Lead Poisoning Prevention Program in the Department of Public Health and the general expenditures of the Program.

**Funding for Childhood Lead Poisoning Prevention Program**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Fiscal**  **Year** | **Federal**  **Funds** | **State**  **Funds** | **Number of**  **Counties funded** | **Dollars Contracted** | **IDPH Direct Services** | **Administration**  **& Support** |
| 1997 | $802,799 | $75,000 | 46 Old 12 New | $436,940 to counties | $340,859 | $100,000 |
| 1998 | $738,315 | $39,547 | 58 Old 3 New | $374,542 to counties $89,889 lab services | $213,431 | $100,000 |
| 1999 | $800,000 | $39,547 | 61 Old 3 New | $587,662 to counties $103,345 lab services | $74,225 | $74,225 |
| 2000 | $750,000 | $39,547 | 64 Old 0 New | $544,725 to counties $75,000 lab services | $84,911 | $84,911 |
| 2001\* | $800,000 | $39,547 | 64 Old 7 New | $617,000 to counties $100,000 lab services | $99,774 | $99,774 |

\*Expenditures reflect an additional $77,000 received from Wellmark Foundation.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB. You may also find a copy on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>. You will find this particular ***Issue Review*** under the Health and Human Rights heading.

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