FISCAL UPDATE July 31, 2001

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

Department of Human Services Appropriations Transfer

**Appropriations Transfer** The Legislative Fiscal Bureau received notice for a proposed FY 2001 appropriations transfer under Section 8.39, Code of Iowa.

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**Medical Assistance Program** There is a proposed $19.9 million transfer to the Medical Assistance Program from the following appropriations in the Department of Human Services:

* $4.0 million from Field Operations, General Administration, Family Investment Program (FIP), and Child Support Recovery.
* $15.9 million from Nursing Facility Conversion appropriation out of the Senior Living Trust Fund.

**Reasons for Transfer** The major reasons for the transfer are increased numbers of eligibles and the increased use of health care services provided by Medicaid. An additional 8,200 eligibles have been added each month through May 2001. There are increases in costs relating to the use of more expensive health care services as well as the frequency of services provided.

STAFF CONTACT: Sam Leto (Ext. 16764)

July Meeting of Council on Human Services



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

* Approved administrative rules relating to:

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* Correcting the scheduled FY 2002 shelter care payments, so the total FY 2001 increase provided is also provided in FY 2002. Changes in funding impact the county portion of the per diem calculation, which remains at the FY 2001 level.
* Implementing a modified price-based case-mix system for Medicaid reimbursement to nursing facilities. Information included indicates perceived savings rather than cost of the system.
* Eliminating work experience requirements for a holder of a bachelor’s degree in social work for rehabilitative treatment services programs and licensed child-placing agencies. There is no fiscal impact to the change.
* Increasing the State Supplementary Assistance Program for residential care facility residents and in-home health related care recipients. Detail of the cost was not included.
* Revising audit requirements for providers of rehabilitative treatment and support services. There is no fiscal impact to State government.

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**Public Hearing**

* Conducted a public hearing for input into the FY 2003 budget request to be completed by the Council in September. Written material provided by each of the speakers is available on the website of <http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm> or upon request from the Legislative Fiscal Bureau. The speakers included:
* Jodi Tomlonovic, Family Planning Council of Iowa
* Steve Ackerson, Iowa Health Care Association
* Paul Klus, Iowa Council of Health Care Centers
* Bob Harpster, Iowa Dental Association
* Steve Scott, Prevent Child Abuse Iowa
* Lynhon Stout, Iowa Foster & Adoptive Parent Association
* Tracy Warner, Iowa Hospital Association
* Deanna McCallum, Iowa Nurses Association
* Ann Harrmann, Iowa Coalition for Family & Children’s Services
* Ed Boll, Governor’s Advisory Council on Brain Injury
* Di Findley, Iowa Caregiver’s Association
* Jen Davis, Iowa Medical Society
* Rik Shannon, Governor’s Developmental Disabilities Council
* Sylvia Piper, Iowa Protection & Advocacy
* Maggie Tinsman, State Senator
* Matt Tapscott, Child Care Resource and Referral
* Deb Pumphrey, Personal Assistance and Family Support Council
* Ann Riley, Child Health Specialty Clinics
* Julie Beckett, Family Voice Council (no written comments)
* Mike Hoenig, Personal Assistance and Family Support Council
* Michelle Roney, Hamilton County Community Leadership Team
* Shawn Carter, Community Advisory Team (no written comments)
* Jill June, Planned Parenthood
* Sharon Wilson, Linn County Community Leadership Team (no written comments)
* April Harvey, Linn County Community Leadership Team (no written comments)
* Jaray Griffith, Polk County Community Leadership Team (no written comments)
* Bob Welsh, Johnson County Cluster Board
* Marv Tooman, Department of Inspections and Appeals
* Julie Jetter, Iowa State Association of Counties
* Kris Bell, Iowa Empowerment Board
* Roberta Fuchs, working parent
* Todd Hachmann, Polk County Family Enrichment Center
* Jane Boehmer, Polk County Family Enrichment Center
* Mike Kendall, Future Net
* Michael Fritz, Youth Emergency Services and Shelter

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* Jerry Karbeling, Iowa Pharmacy Association
* Elected officers for FY 2002, including:
* Chris Lousher was re-elected as Chairperson
* Ruth Mosher was re-elected as Vice chairperson
* Heard from Chairperson Lousher regarding:
* James Miller of Dubuque was introduced as a new member to the DHS Council. Mr. Miller is an independent pharmacist and does consulting for nursing facilities. His interests include working with community mental health and Alzheimer issues.
* The August DHS Council meeting will be held at the Independence Mental Health Institute on August 8. The agenda will include time for a Council retreat and tour of the facility.



* Heard from Director Rasmussen regarding:
* A Governor’s press conference regarding children’s health care took place at the same time of this meeting. Director Rasmussen indicated that approximately 5,000 children have been added to the DHS health care programs since November 2000.
* Two state audit reports were reviewed with the Council. The first related to the DHS facilities and the second dealt with recoupment of payments made to providers of services. More information on the audits is in a separate entry within this ***Fiscal Update***.
* The recent death of a resident at Woodward State Resource Center was also discussed. Reports from investigatory authorities are anticipated in the near future according to Director Rasmussen.
* The FY 2002 budget for the DHS was discussed. Director Rasmussen indicated that a layoff plan had been developed and most vacancies are not being filled immediately. She added that a management plan is being developed with other cost cutting and cost-controlling measures. She noted that the Governor’s Enterprise Planning Teams are working this summer to determine other efficiencies across the Executive Branch agencies for FY 2002 and FY 2003. More information on the FY 2002 budget strategy is in a separate entry within this ***Fiscal Update***.

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

FY 2002 Human Services Budget Strategies

**Budget Strategy – FY 2002** The Department of Human Services has released a FY 2002 Budget Strategy for Field Operations, General Administration, and Information Management Systems. The following is a summary. The dollars represent State funds.

**Field Operations** Field Operations changes include:

#### FY 2002

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* Staff reductions of a 1.5% vacancy factor equal to 32.0 FTE positions: $915,000.
* Elimination of 24.0 FTE positions from regional offices: $566,000.
* Fewer emergency assistance intermittent positions: $107,000.
* Decreased technology equipment purchases: $595,000.
* Decreased training resources: $116,000.
* Using program dollars for child protective training funding: $100,000.
* Increased cost allocation revenues: $384,000.
* Increased revenues from child welfare targeted case management: $1,500,000.

**General Administration** General Administration changes include:

* Decreased training resources: $632,000.



* Staff reductions of a 3.0% vacancy factor: $316,000.
* Reduction of 19.0 vacant FTE positions: $500,000.
* Reduction in budgeted overtime: $75,000.
* Reduction of 42.0% of professional employer organization staff: $200,000.
* Reduction of 16.0% of Attorney General legal services: $109,000.
* Reduction of State Auditor services: $10,000.
* Elimination of Y2K storage capacity: $50,000.
* Discontinuation of hub charges for DHS addresses: $48,000.
* Reduction of technology administrative subsidy to other DHS operational units: $449,000.

**Information Management** Information Management System changes include:

* Using program dollars for critical functions: $607,000.
* Realignment of workforce resulting in reduction of staff positions: Amount not specified.



* Reduction of 9.0 contract staff: $203,000.
* Prioritize system changes and elimination of planned enhancements: Amount not specified.
* Changing 5.0 contract staff to State FTE positions: $142,000.
* Moving technology staff from leased space to the Hoover Building: $83,000.

**Impact on Services** The DHS Budget Reduction Management Plan also includes an impact upon services and customers including:



* Increase in processing time for:
* Interstate foster care and adoption placements.
* Payments for the State Cases Program.
* Applications for Medicaid, Food Stamps, Family Investment Program (FIP), and child care subsidy.
* Provision of consultation for child permanency planning and adoptive placements.
* Changes in licensure and accreditation:
* Fewer child care licensure and spot checks.
* Increased processing time for child and abuse record checks for nursing home and health care providers.
* Increased processing time for child abuse expungement requests.
* Technical assistance and training relating to:
* Reduced assistance and training to income maintenance staff regarding management information systems.
* Reduced assistance to child care providers regarding expectation of licensure and subsidy payments.
* Reduced assistance to child welfare providers regarding contracting and payment information.
* Reduced assistance to counties regarding mental health and developmental disabilities issues.
* Reduced volunteer coordination for the Des Moines Region.
* Policy and Manual Development changes, including:
* Increased time for policy and employee manuals in all program areas.
* Increased time to comply with Executive Order 8.
* Increased time to develop Medicaid waivers and amendments to the State Plan.
* Contract monitoring and payments to providers, including:



* Reduction in development and monitoring of child welfare provider contracts.
* Reduction in contract compliance reviews.
* Increased time to proves provider and vendor payment claims.
* Less collaboration with and technical assistance to constituency groups, such as various child welfare advisory boards and panels, such as early child care and education, juvenile justice, child protection, welfare consumers, and mental health initiatives.

**Employee Input** The Plan also includes ideas to solicit employee input, such as:

* A process to receive employee cost saving ideas.
* Identifying critical functions, by a Workforce Alignment Team.
* Meeting with employee organizations.
* Internal leadership briefings.

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

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

State Auditor FY 2000 Audit - Department of Human Services

**Audit Report** The State Auditor has recently released a report regarding FY 2000 for the Department of Human Services (DHS). The following single audit report item recommendations were included in the Audit:



* Food Stamp Payments: The DHS should review the Issuance Verification (ISSV) system and implement control procedures to ensure the issuance amount is appropriate for the number of eligible individuals. The DHS indicates changes have taken place to comply with the Audit recommendations.
* Temporary Assistance for Needy Families (TANF) Data Report: The DHS should continue to work with the federal government to identify and resolve problems identified in the TANF Data Report. The DHS indicates changes are being made in the information system to gather data to resolve problems identified and comply with the Audit recommendation.
* Temporary Assistance for Needy Families (TANF) payments: The DHS should review the Issuance Verification (ISSV) system and implement control procedures to ensure the issuance amount is appropriate for the number of eligible individuals. The DHS indicates changes have taken place to comply with the Audit findings.
* Field Office Internal Controls: The DHS should strengthen internal controls and policies to ensure compliance with the Employees’ Manual relating to certain financial transactions. The DHS indicates changes will take place to comply with the Audit recommendation.



* Foster Care/Title IV-E: The DHS should enforce the provisions of the Employees’ Manual regarding Title IV-E Program prescribed timelines for case management and case plan details regarding placement in the least restrictive environment. The DHS indicates changes will take place to comply with the Audit recommendation.
* Foster Care/Adoption Assistance: The DHS should ensure compliance regarding the Employee’s Manual for the length of time for reevaluation of an adoption subsidy agreement and legal documentation contained within the file for adoption subsidy agreements. The DHS indicates changes will take place to comply with the Audit recommendation.
* Healthy and Well Kids in Iowa (HAWK-I) Reconciliation of Billings to Receipts: The DHS should perform a reconciliation comparing the amount billed to members with the amount received and an aging of accounts receivable listing should be prepared to determine overdue balances. The DHS indicates changes will take place to comply with the Audit recommendations.
* Medical Assistance Claims - Date of Death: The DHS should implement procedures to periodically determine whether payments exist for service dates after the recipient’s date of death and adjust accordingly. The DHS indicates changes will take place to comply with the Audit recommendations.
* Health Insurance Premium Payment (HIPP): The DHS should continue to develop and implement control procedures to ensure the Health Insurance premium Payment program has adequate controls over all payments. The DHS indicates that some changes have taken place and others will take place to comply with the Audit recommendations.
* Medicaid Waiver Program: The DHS should monitor the waivers to ensure accuracy of payments and case file information. The DHS indicates changes will take place to comply with the Audit recommendations.
* Medical Assistance Upper Payment Limits: The DHS should continue to work with the federal government to obtain certification of the upper payment limit for Medicaid reimbursement to health care facilities. The DHS indicates that changes will take place to comply with the Audit recommendations.

**Recommendations** The following Internal Control Audit item recommendations were included:



* Negative Cash Balances: The DHS should implement procedures to limit excessive negative cash balances for the Temporary Assistance to Needy Families (TANF), Child Care Development Block Grant, Child Care Development Fund, Adoption Assistance, and the State Children’s Insurance Program federal programs. The DHS indicates acceptance of a plan by the Office of the State Auditor to eliminate the negative cash balances throughout the year in the future has occurred.

**Recommendation**

* County Billings: The DHS should appropriately track disputed county billings regarding four mental health services. In light of HF 727 (Mental Health/Mental Retardation/Developmental Disabilities Act) the recommendation indicates that the DHS should adjust its receivable balances with the elimination of county obligations for services rendered prior to July 1, 1997. The DHS indicates a new monthly billing system implemented in May 2001 will assist in compliance to the recommendation.
* System Development Life Cycle (data management for purchase of service): The DHS should maintain the written methodology relating to this Cycle and implement procedures to require adherence to the Cycle.
* Three recommendations relating to the Division of Data Management regarding retaining a copy of User ID invoices, quality assurance for accuracy of programming, separation of duties between programmers and testing of the computer programs. The DHS indicates changes will take place to comply with the Audit recommendation.

**Statutory Matters** The following Findings relating to Statutory Matters were included in the Audit:

* Review of overpayments regarding court ordered juvenile treatment services. At issue is a $1.3 million possible overpayment to a facility in Sioux City. The DHS has requested repayment and the Stanford Center has appealed that request.



* Child Care overpayments: A restitution process is underway regarding the Kinderland child care subsidy fraud, which the Auditor recommends continuing to recover the questioned payment. The DHS indicates administrative rule changes are taking place to improve the child care payment issues.
* Fixed Assets: The recommendation indicates a number of inventory issues regarding real and personal property of the DHS. The DHS indicates a review is underway to resolve the inventory issues.
* Civil Rights: The DHS should comply with civil rights requirements in the Employee Manual regarding various committees and meetings. The DHS indicates changes will take place to comply with the Audit recommendation.
* Various Statutory Committees: The DHS should comply with codified requirements regarding the State Child Day Care Advisory Council, Dependent Adult Abuse Services Council, and the Personal Assistance and Family Support Services Council meetings and membership. The DHS indicates that not all of the duties specified are under the control of the DHS and that the DHS will attempt to assist in the compliance with the recommendations.
* Emergency Assistance Program: The DHS should ensure that eligibility information is verified and documented, that agency policies are followed relating to interviews, and that reviews of the applications for accuracy are documented. The DHS indicates changes will take place to comply with Audit recommendations.

**More Information** Additional information is available upon request. Copies of the Audit are available from the Office of the State Auditor or the Legislative Fiscal Bureau.

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

State Auditor FY 2000 Audit Regarding Institutions of the Department of Human Services

**Audit Report** The State Auditor has recently issued the FY 2000 Audit for the eight institutions under the direction of the Department of Human Services (DHS). The following information by institution was included in the Audit:

* Mental Health Institute at Clarinda: No matters were reported by the State Auditor.



* Mental Health Institute at Mount Pleasant: No matters were reported by the State Auditor.
* Mental Health Institute at Cherokee: No matters were reported by the State Auditor.
* Mental Health Institute at Independence: The Auditor recommended that the rental rates for state-owned dwellings rented to employees should comply with DHS policies, including the cost of providing utilities to the dwelling. The DHS indicates that changes will take place to comply with the recommendation.
* Woodward State Resource Center: The Auditor recommended that a physical inventory of personal property take place every two years as required by Administrative Rule. The DHS indicates that changes will take place to comply with the recommendation.
* Glenwood State Resource Center: The Auditor recommended:
* Improvement to the evaluation process so that every employee receives an annual evaluation. The DHS indicates that changes will take place to comply with the recommendation.
* Changes to ensure personal service contracts meet the requirements of the Department of Revenue and Finance. The DHS indicates that changes will take place to comply with the recommendation.
* State Juvenile Home at Toledo: No matters were reported by the State Auditor.
* State Training School at Eldora: No matters were reported by the State Auditor.

**More Information** Additional information is available upon request. Copies of the Audit are available from the Office of the State Auditor or the Legislative Fiscal Bureau.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

July meeting of Child Support Advisory Committee

**Advisory Committee Meeting** The Child Support Advisory Committee met on July 20. Items on the agenda and discussed included:

* Bureau Chief’s Report



* FY 2002 budget - Nancy Thoma, Chief, Child Support Recovery Unit, stated that the FY 2002 budget has been spread and balanced with no cuts in FTE positions. The budget is less than FY 2001, but the unit will manage with the funding available.
* FY 2003 budget - Nancy Thoma indicated that a preliminary budget has been developed and is being reviewed by Director Rasmussen. It is recommending no increase above FY 2002.
* Interactive Voice Response System - A new system will be available this fall. It replaces a 10-year-old system and improvements include multi lingual voice response. In addition to English, the system will accommodate Spanish and Bosnian, considered to be the two largest growing populations within the State.
* Agreement with the Department of Revenue and Finance- A pilot project is being set up between the DHS and the Department of Revenue and Finance to collect child support from delinquent cases. This pilot is expected to start this fall and is replacing a contract with a private collection agency.
* Federal Income Tax Offsets - During FY 2001 the federal income tax offset was approximately $20.0 million. The DHS projects an additional $5.0 million in collections due to the recent notice of federal refunds being released this summer.
* Staffing - As a result of the expiration of contracts for staff, the Child Support Recovery Unit will transition 79.0 contract staff positions to State FTE positions. Nancy Thoma stated there will be no net change to the number of staff working or the funding for these positions. She indicated that intent language in the Human Services appropriation bills has given the DHS authority to hire State FTE positions to maintain or increase collections.
* Old Business
* Attorney General’s Public Awareness Campaign Update - Patricia Harahap reported that the media updates had been completed and that awareness materials will be available again at the Iowa State Fair in August.

**Administrative Rules**

* New Business
* Rules Review Subcommittees gave reports on the status of comments received on changes to administrative rules for establishing and enforcing medical support, receiving and disbursing payments, and Child Support guidelines.
* Legislative suggestions workgroup - members from the Committee have been working to develop suggestions for next Legislative Session that relate to Child Support. Ruth Cooperrider, Chair, Child Support Advisory Committee, is facilitating this workgroup. This information will be finalized and included in the Legislative package to be considered by the DHS Council on Human Services in September.

STAFF CONTACT: Sam Leto (Ext. 16764)

July Meeting of HAWK-I Board



**Hawk-I Board Meeting** The Healthy and Well Kids in Iowa (HAWK-I) Board met on July 16 and conducted the following business:

* Review of correspondence
* Several handouts were provided. Questions received about health care coverage were responded to, and testimony in the Congressional Record regarding health care for children and possible options to extend coverage was discussed.
* Administrator’s Report
* Budget - Discussed Medical Assistance shortfall in FY 2001. SCHIP budget continues to be sufficient to meet needs.
* Enrollment and Statistics - Enrollment was down in June. Reasons discussed include end of media campaign, loss of Unity Choice contract, and similar trends in June 2000.



* CHIP Regulations – States are in a 30-day comment period. Expect implementation date of August 25, 2001, with a 60-day period after August 25 for compliance.
* Update on Legislative/Budget Recommendations - Legislative package to include Clinical Advisory Committee recommendations from last year and items discussed and recommended by the HAWK-I Board at the June meeting.
* Outreach Update - Items on the agenda included: Iowa State Fair; Coordination with free and reduced meals; Grassroots Outreach Materials; and Spanish Brochure and Multi-language poster.
* Administrative Rules for Notice - Rules reviewed at the June meeting were approved by the Board.
* Covering Kids update
* Household Health Survey results - The report was produced by the University of Iowa Public Policy Center and includes enrollee comments after one year in the Program.



* Post Media Buy Analysis - This was an analysis requested by Board members to determine the impact of media campaign on the enrollment of children into health care.
* On-sight Review Report from Kansas Foundation for Medical Care - This report was provided to Board members.
* Election of Chair for upcoming year - The Board voted to maintain Eldon Huston as Chair and Terri Vaughan as Vice Chair.

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

STAFF CONTACT: Sam Leto (Ext. 16764)

July Meeting of the Iowa Empowerment Board

**Empowerment Board** The Quarterly Meeting of the Iowa Empowerment Board was held on July 13. The following business was conducted:

* Legislative Update regarding funding and distribution of funding.



* Report from the Advisory Council.
* Review of an opinion of the Attorney General regarding responsibilities of an empowerment board when assuming the duties of a decategorization board.
* A review by Jim Chrisinger on behalf of Cynthia Eisenhauer, Director of the Department of Management, of the Accountable Government Act enacted by the 2001 General Assembly. Comments included:
* The FY 2003 budget requests from the departments may not be as closely aligned to the Governor’s budget recommendations as in the past. Strategic planning efforts underway that will be the basis for the Governor’s budget may not be completed until after the October 1 statutory deadline for the departments’ budget requests.
* The Governor’s strategic planning teams are focusing upon a goal of finding $190.0 million in savings for FY 2003, based upon a 4.3% growth in revenues. With less revenue growth possible, this amount may need to be increased.
* A presentation regarding the Fatherhood Initiative, by former Senator Elaine Szymoniak.
* A presentation from the Hamilton/Humboldt/Wright Counties Empowerment Area.
* A motion was made and approved to pursue the Empowerment Summit recommended in HF 662, Community Empowerment Initiative Act.

**More Information** More information is available upon request. The next quarterly meeting of the Iowa Empowerment Board is scheduled for October 1.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Robin Madison (Ext. 15270)

Meeting of the Attorney General Task Force on Juvenile Crime

**Task Force Meeting** The Attorney General’s Task Force on Juvenile Crime met on June 28 and conducted the following business:

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**Task Force Meeting**

* Heard from Willis Gaudy, Iowa State University, regarding population trends and consequences upon juvenile justice services. Census data used for his information is available at www.soc.iastate.edu/census.
* Discussed the FY 2002 budget regarding juvenile issues.
* Heard from Steve Scott, Prevent Child Abuse Iowa, regarding child protection legislation adopted by the 2001 General Assembly.
* Heard an update regarding the Governor’s Task Force on African Americans in Prison.
* Discussed the status of juvenile court restitution.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Department of Corrections Board Meeting



**Board Meeting** The Department of Corrections Board met June 1 at the Third Judicial District Department of Correctional Services’ residential facility in Sioux City. Director Kautzky stated that the prison inmate population increased by 750 inmates during FY 2001. The population was 8,090 inmates on June 1, which is 119.0% of designed capacity. Director Kautzky expressed concern regarding the FY 2002 budget, which is $8.8 million less than the FY 2001 budget. The increasing offender population in both CBC and the prisons further complicates the reduction. The reductions, compared to the FY 2001 estimated net appropriations, are distributed as follows:

* Community-Based Corrections (CBC) system - $1.6 million.
* Institutions - $6.1 million.
* Central Office - $1.1 million.



**Budget Reductions** Director Kautzky stated he is working with the Governor and Legislative leadership to discuss various options in meeting the reductions. The Notes on Bills and Amendments (NOBA) for SF 530, Justice System Appropriations Act, provides the details on the legislative reductions. However, if these reductions are implemented, there will be approximately 25 staff laid off in CBC. This will result in increased revocations to the prison system, as offenders will be inadequately supervised. Director Kautzky stated that it is critical to “minimize harm to communities” and to review other options, such as reducing treatment contracts, rather than eliminating staff positions. If treatment contracts are reduced, the DOC will rely more heavily on the managed care system for substance abuse treatment that is administered by the Department of Public Health. Director Kautzky also stated that certain CBC offenders might be eligible for federal programs administered by the Department of Human Services. He also indicated that the DOC and CBC District Departments are working with the Office of Drug Control Policy to leverage federal grants to maintain drug courts in the Second and Third Judicial District Departments of Correctional Services.

**Positions Eliminated** Director Kautzky stated there would be five positions eliminated in Central Office and at the Corrections Training Center. Any positions that become vacant will not be filled.

**Institutions** The Institutions have been planning for budget reductions, but planning is complicated due to the increasing prison population and increasing utility costs. Any positions that become vacant will not be filled. Director Kautzky said that the DOC is working with the Department of Management to implement sound policy in light of budget reductions.

**Criminal Sentencing Act** Director Kautzky reviewed SF 543, Criminal Sentencing Act, with the Board. The Act:

* Provides for sentence reconsideration for certain convictions within one year of the original sentence.



* Provides determinate sentences for certain Class D felons.
* Lowers the penalty for burglary in the third degree and attempted burglary in the third degree, if the crime is committed on an unoccupied motor vehicle or vessel.

**Knoxville Facility** Director Kautzky also cited SF 537, Healthy Iowans Tobacco Trust Fund Act, which provides a partial year of funding for a six-month substance abuse treatment facility in Knoxville. The 100-bed facility for probation violators is anticipated to be fully operational in February or March 2002. Director Kautzky indicated that SF 543 and SF 537 provide assistance to the corrections system, but it takes about 18 months for new sentencing policy to have a significant impact on the system.

**Other Action** The Board passed the sewer easement for Farm One at Fort Madison. It also reviewed and approved an administrative rule for sex offender management and treatment. This proposed rule complies with legislation enacted by the 2001 General Assembly, and adds the offense of criminal transmission of HIV to the list of aggravated offenses that require registration with the Iowa Sex Offender Registry. The Board’s next meeting is July 6 at the Newton Correctional Facility.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Animal Agriculture Consulting Organization Meeting

**Organization Meeting** The Animal Agriculture Consulting Organization met in Des Moines on June 6. The following issues were discussed:

* Wayne Gieselman, Department of Natural Resources, discussed the rule changes with regards to manure application. The proposed rule extends the date for applying manure without an approved manure management plan until July 1, 2002. It was estimated that the Department has received 2,100 manure management plans and has approved 800. There are another 300 that have been received but have not received final approval and 1,000 that have not been reviewed. Gieselman also explained that plans received after August 21, 2001, will not benefit from the time extension and would be reviewed by the Department in 60 days.

* Mr. Gieselman discussed the issue of open feedlots in Iowa and provided an update on the registration process. As of June 6, 2001, 796 cattle facilities have registered with the Department of Natural Resources. Of the 796, there are 151 facilities with more than 1,000 head of cattle, 433 with 300 to 1,000 head of cattle, and 212 with less than 300 head of cattle. The intent of the Department is to review the larger facilities and to develop a priority assessment of them. The Department has begun rulemaking regarding open feedlots for cattle producers.
* Mr. Gieselman presented a revised application form Manure Applicator Certification. The fees are $50 per year for commercial applicators and $50 for a three-year period for family farm applicators. The fees are used to provide training for persons wanting to be a certified manure applicator. The program is to be fee-supported, however for FY 2001, there was $68,000 received in fees and $77,000 in expenditures, resulting in a $9,000 shortage.

* Mr. Gieselman discussed a proposal that would require animal confinement producers to submit a manure management plan to the Department of Natural Resources prior to construction of a new facility. This would include notification of the local county conservation boards. The Organization denied the proposal.

**Next Meeting** The next meeting is scheduled on August 29, in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Senior Living Coordinating Unit Meeting

**Coordinating Unit Meeting** The Senior Living Coordinating Unit met June 15, and conducted the following business:



**Nursing Facility Conversion** Mary Bilstad, Department of Human Services (DHS), gave an update regarding nursing facility conversion grants and long-term care service developments. At the time of the meeting, 12 contracts had been approved and signed by DHS, eight contracts had been received but not signed pending the receipt of proper insurance certificates, and eight had been scheduled for review again due to requests for reconsideration.

**Funding Awarded** While DHS is in varying stages of the approval process for different contracts and the projects proposed, the data provided reflected a total award of $11.4 million for conversion grants and long-term care service development projects. The funding will provide for a potential of 240 assisted living units, 11 adult daycare projects, and two projects for home delivered meals.

**Clients Served** Greg Anliker, Department of Elder Affairs, reported on the number of elderly clients who received unduplicated service as a result of the Senior Living Program from October to April, FY 2001. The data indicated that 6,733 elderly clients received one or more home and community-based services that would not have been available without funding from the Senior Living Trust Fund. When the Program was first implemented in October 2001, there were 8,000 clients with un-met needs. The Department of Elder Affairs tracks the receipts and expenditures for services provided under the federal Older Americans Act (OAA) and the Senior Living Program separately.

**Material Aide** It was also noted that services under Material Aide far exceeded the planned goal of assisting 116 clients. The main reason for this was the high cost of heating bills last winter, which created a greater demand for energy assistance. As of April 2001, 964 clients had received some level of material aide.

**Un-met Needs** In addition, Mr. Anliker presented a report for April 2001 that reflected the level of un-met needs for clients accessing services through the Senior Living Program. There were approximately 188 older Iowans who were not able to access services through the Program due to a lack of providers, service unavailability, or inadequate funding needed to provide the service.

STAFF CONTACT: Lisa Burk (Ext. 16765)

Vision Iowa Board Meetings – June & July



**June Board Meeting** The Community Attraction and Tourism (CAT) Review Committee and the Vision Iowa Review Committee held their meetings prior to the full Vision Iowa Board meeting at the Hotel Savery on June13. The Community Attraction and Tourism Review Committee discussed the following projects:

* Delaware County Fairgrounds
* Maquoketa Fine Arts Center
* Cherokee/Sioux Valley Memorial Wellness Center
* Solon Recreation and Nature Center
* Adair County Recreation Center
* Mason City Meredith Wilson Performing Arts Center
* Crawford County Speedway and Grandstand

**Questions Asked** The Review Committee asked questions of representatives of each project, often encouraging increased local financial participation. The Committee did not recommend moving any of the projects forward at this time. They may receive consideration at a future date, particularly if they can address the concerns of the Committee.

**Project Withdrawn** The Greenfield Opera House Project was withdrawn because they could afford to delay the project and wanted to put their support behind another local applicant. Michael Gartner, Vision Iowa Board Chairperson, praised the community for their altruism, particularly since they had a project that would most likely have received funding. The Greenfield representative thanked Mr. Gartner and said they would reapply at a future date.

**Projects Reviewed** The Vision Iowa Review Committee examined requests from Polk County, Davenport, and Waterloo. All three projects were moved forward to the Vision Iowa Board for consideration. The Board then heard full presentations from each community and moved all three forward to the financial negotiation stage. Chairperson Gartner cautioned each project not to expect to receive the full amount they had requested, since every project to date has received less than their full request. The projects are described as follows:

* **Capital City Vision Project** (Polk County) – The project consists of a new arena, exhibit hall, renovation of Veterans Memorial Auditorium and related site improvements, including the Iowa Hall of Pride, and a new facility for the Science Center of Iowa.



* The arena is designed for 14,000 spectators for hockey/arena football, and 16,000 spectators for a concert event. In addition to regular seating, it will have premium seating with suites, boxes and club lounge.
* The exhibit hall will contain two exhibition areas, 15,000 square feet of meeting rooms, and executive conference rooms. The plan includes a 25,000 square-foot Hall of Pride celebrating young Iowans' accomplishments in academics, athletics, music, and a variety of areas, and Iowa’s heroes.
* Veterans Memorial Auditorium improvements include modernizing the upper-level meeting rooms and existing exhibit hall, replacing the roof system and upgrading the central mechanical system.
* The new Science Center of Iowa facility is a 95,000 square-foot Science Center, showcasing large format film/planetarium theater, Challenger Learning Center, early childhood learning facilities, and the Iowa Science Learning Center for educators and students. The total project budget is $273.5 million, with requested Vision Iowa funding of $75.0 million.
* **Cedar Valley Riverfront Renaissance** (City of Waterloo) – The total project budget is $375.6 million, with requested Vision Iowa funding of $46.9 million. The project includes:



* Agri-Trade Center
* Agri-Tech Incubator and Commercialization Center
* Wellness and Sports Complex
* Cedar Valley Art Mall
* Pedestrian Riverwalk Loop
* Cedar Valley Trolley System to combine culture, education, recreation, jobs, housing and transportation.
* **River Renaissance on the Mississippi** (City of Davenport) – The Project includes a collection of improvements and renovations within three corridors in downtown Davenport. The total project budget is $113.4 million, with requested Vision Iowa funding of $34.2 million.



* The River Music Corridor has a River Music History Center, Rhythm City Skywalk, Rhythm Courtyard, Kaleidoscope, and Adler Theatre improvements.
* The Arts Corridor includes the Figge Arts Center, Arts Walk and Platform Parking.
* The New Economy Corridor includes an Ag-Tech Venture Capital Center.



**Funding Availability** Treasurer Michael Fitzgerald discussed the funding available to the Vision Iowa Board. He recommended continuing to use $180.0 million as a conservative estimate of the amount available from bonding under the current funding scenario. The analysis by the Treasurer’s Office projects an investment grade bond rating when the Board goes to market. Mr. Fitzgerald discussed the legislation passed during the 2001 Legislative Session, noting that if the Code of Iowa had been amended to make Vision Iowa Bonds a “moral obligation” of the State, the bond rating would have improved and the projected value of the bonds would have increased by about $3.5 million. However, depending upon the market situation, Mr. Fitzgerald indicated that Vision Iowa bonds could produce several million dollars more than the $180.0 million estimate.

**July Meeting** The Vision Iowa Board and its Review Committees met on July 11. The Community Attraction and Tourism (CAT) Review Committee met first and reviewed nine proposed projects. The Committee moved the following projects to the Vision Iowa Board for funding negotiations:

* Cherokee/Sioux Valley Memorial Hospital Wellness Facility – A $3.0 million project, requesting $500,000 in CAT Funds, for a wellness and recreation facility, including a gym and pool.



* Adair County Recreation Facility – A $1.4 million project, requesting $307,000 in CAT Funds, to renovate a shell industrial building for a gymnasium, walking track, fitness room, therapy pool, racquetball court, game room, locker rooms, kitchen, community room, reception and office area, restrooms, storage/utility room, and unfinished multipurpose area.
* Marquette/McGregor Area Legacy Project – Originally a $25.0 million Vision Iowa project, requesting $6.1 million from the Vision Iowa Board, to create a “destination super park” that includes a golf course/winter park, bicycle trails, fishing pier, hotel and retirement community, and other recreation related elements. The CAT Review Committee recommended it become a Vision Iowa project.

**Projects Deferred** The Committee deferred on six other projects to wait for more information to be submitted. Several communities had submitted more than one project. The Committee requested that they prioritize the projects or combine them into one larger project, since the Vision Iowa Board would only fund one project per community. Committee members also expressed concern over the lack of financial participation by various city and county governments.

**Projects for Consideration** The Vision Iowa Review Committee listed projects from Ottumwa, Ames, and Newton for consideration. None of the projects will be brought forward for consideration until the Committee has received additional information.



**Special Session Law Change** The Vision Iowa Board convened at the conclusion of the Vision Iowa Review Committee meeting. Treasurer Michael Fitzgerald reported that the Legislature had passed language during the special session making Vision Iowa bonds a moral obligation of the State. Given this change and the current state of the bond market, he is now projecting $190.0 million will be available from bonding. This is a $10.0 million increase since the topic was discussed at the last Board meeting.

**Board Action** The Vision Iowa Board is in negotiations with local communities for projects in Sioux City, Waterloo, and Davenport. Actions by the Board included:



* Signing a $40.0 million grant contract with the City of Dubuque and the Dubuque County Historical Society for the America’s River Project. The project includes aquariums, theatres, a water park, river walk, hotel, and other features showcasing the Mississippi River.
* Approval of a $55.0 million grant and a $15.0 million forgivable loan for the Polk County Capital City Vision Project. Vision Iowa funds will be applied to the Iowa Event Center ($50.0 million), the Iowa Hall of Pride ($5.0 million), and the Science Center of Iowa ($15.0 million). In addition to these projects, Des Moines and Polk County is required to complete projects involving the Des Moines Library, a Pappajohn Learning Center, and a World Food Prize facility. The City of Des Moines will contribute $36.5 million toward these projects; Polk County will contribute $118.5 million; and private donations will contribute $107.0 million, bringing the total funding for the Capital City Vision Project to $340.0 million.

**Dubuque/Polk County Projects** Governor Vilsack and Lieutenant Governor Pederson attended the meeting and congratulated the communities and Vision Iowa Board on the Dubuque and Polk County projects. The Governor noted that the Capital City Vision Project was only part of the development activities going on in Polk County. There are an additional fourteen private projects and nine public projects. All projects combined have a total value of $1.6 billion.

**Marquette/McGregor** The Vision Iowa Board concluded with a presentation from the Marquette/McGregor Area Legacy Project. The Board moved the project forward to funding negotiations as a Vision Iowa project and accepted the CAT Review Committee recommendations to move the Cherokee/Sioux Valley Memorial Hospital Wellness Facility and the Adair County Recreation Facility forward for funding negotiations.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

jUNE MEETING OF THE MEDICAL ASSISTANCE ADVISORY COUNCIL

**Council Meeting** The Medical Assistance Advisory Council (MAAC) met on June 6. The items discussed included:



* Events/Trends
* Eligibles/Expenditures- Patti Becker from the Department of Human Services (DHS) went through handouts showing a trend of eligibles and the total dollars expended for the Medical Assistance Program through April. The actual experience shows a continual growth in both factors. The number of eligibles in April grew by approximately 4,500 compared to March and total dollar expenditures for April 2001 are approximately $32 million above April 2000.
* Rules - Based on Legislative actions this past session the following proposed rules were discussed:

**Administrative Rules**

* Medicaid coverage for women with breast and cervical cancer. Bette Murray from the DHS presented the rule and indicated there are forty-eight women currently who would qualify for this assistance.
* Provider rate reductions. Sally Nadolsky from the DHS presented this rule that implements the 3.0% provider rate reductions for many Medical Assistance providers. Total dollar impact is approximately a $14.4 million savings.
* Legislation - Discussion included:
* SF 114 - This legislation changes the make up of the Council by adding new members from interest areas not currently on the Council. This is effective July 1,2001.
* SF 354 - This legislation relates to recovery of Medical Assistance expenditures from estates and specifies a time limit for the recovery.

#### FY 2002

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* FY 2002 Budget – Discussion centered on impacts the provider rate reductions would have on the Medical Assistance Program and to keep providers accepting Medicaid eligibles. A representative for the Iowa Medical Society stated this will be monitored and all providers are encouraged to keep accepting and serving Medicaid eligibles. Concerns were also expressed by Council members regarding legislative intent to base provider rates on the Medicare cost indices which have higher rates and higher costs, without adequate funding.
* FY 2003 Budget – Patti Becker indicated the DHS currently has internal work groups reviewing work performed to determine efficiency and effectiveness. The DHS Council on Human Services will hold public hearings for FY 2003 budgets on July 11, 2001. A draft of the FY 2003 budget for Medical Assistance will be discussed during the July, Medical Assistance Advisory Council meeting.

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

STAFF CONTACT: Sam Leto (Ext. 281-6764)

Risk Pool Board Meeting



**Board Meeting** The Risk Pool Board (a statutory Board relating to mental health funding) met June 11 and conducted the following business:

* Reviewed legislative and administrative rule changes.
* Reviewed changes to the required application forms and possible support material to be provided for funding requests from the Risk Pool.
* Heard an appeal from Howard County regarding the repayment amount required by the Board. The Board denied the request.
* Discussion and adoption of a proposed rule for receipt of future appeals by counties.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Natural Resource Commission Holds Meeting

**Commission Meeting** The Natural Resource Commission held a teleconference meeting Des Moines on July 12. The following items were discussed:



* Linda Hanson, Administrator of the Administrative Services Division, presented the following construction projects to be approved by the Commission. They included:
* Honey Creek State Park paving project – low bid of $486,000 was approved.
* Rathbun Fish Hatchery expansion project – one bid received for $210,000 for a project the Construction Bureau estimated would cost $130,000. The bid was rejected.
* Sedan Bottoms construction project – low bid of $27,000 was approved.
* Waubonsie State Park electrical project – single bid of $34,000 was approved.
* Prairie Rose State Park shoreline protection – low bid of $126,000 was approved.
* Foster-DeVoss wetlands development project – low bid of $42,000 was approved.



* Rice Lake paving project – low bid of $222,000 was approved.
* Viking Lake State Park engineering services project – low bid of 39,000 was approved.
* Linda Hanson presented the following land acquisitions for approval by the Commission:
* Colo Wetland in Story County – cost of $90,000 was approved.
* Stephens State Forest in Appanoose County – cost of $89,000 was approved.
* Stephens State Forest in Appanoose County – cost of 65,000 was approved.
* Loess Hills State Forest in Harrison County - cost of $18,000 was approved.
* Steve Pennington, Administrator of the Parks, Recreation, and Preserves Division, asked the Commission to approve a professional services contract with the University of Northern Iowa to monitor four threatened species in Iowa. Federal funding of $27,000 will pay for the contract. The contract was approved.
* Steve Pennington asked the Commission to approve an agreement with the Xenia Rural Water District to provide drinking water to the Brushy Creek Park. The connection fee for this project is $340,000 and will be paid over a three-year time period. The Commission approved the agreement.

**Next Meeting** The next meeting will be held on August 9 at Gull Point State Park. A tour of the area will be held on August 8.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Environmental Protection Comission Holds Meeting

**Commission Meeting** The Environmental Protection Commission held their monthly meeting on July 16. The following issues were discussed:



* Bernard Hoyer, Energy and Geology Division, asked the Commission to approve a $95,000 contract with the University Hygienic Laboratory to obtain chemical analyses from an established network of 90 wells that have been monitored by the Department of Natural Resources Geological Survey Bureau and the United States Geological Survey. The contract was approved.
* Liz Christiansen, Land Quality and Waste Management Assistance Division, asked the Commission to appoint a Commissioner on the Technical Committee that is developing rules for the closure of sanitary landfills. The Commission approved James Braun as the appointee.
* Liz Christiansen asked the Commission to approve 15 applicants for the Waste Tire Management County Grant Program. There were a total of 31 applicants requesting $1.2 million in grants, however, funding of $694,000 was available and the 15 projects were recommended. The Commission approved the grants.
* Mel Pins, Land Quality and Waste Management Assistance Division, provided the Commission with an update on removal of waste tires in Iowa. He reported that over three million waste tires were removed from a waste tire stockpile in Otho, Iowa, and that over 750,000 tires were removed from a waste tire stockpile in Muscatine.
* Mike Valde, Administrator of the Environmental Protection Division, asked the Commission to approve a contract with Windsor Technologies for $80,000 for maintenance for the State Permitting and Air Reporting System (SPARS). The contract was approved.
* Mike Valde provided an update on the rulemaking process that would require animal feeding operations to file manure management plans with the Department of Natural Resources prior to construction of the operation. Valde reported the members of the Animal Agriculture Consulting Organization (AACO), were not in support of the proposed rule. The Commission will be asked to vote on this issue during the next meeting.

**Next Meeting** The next meeting will be August 20, in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Iowa Finance Authority Board Meeting



**Board Meeting** The Iowa Finance Authority Board met on July 5 at the Hotel Fort Des Moines. Mike Tramontina, Executive Director, opened the meeting with the management report to the Board. The Iowa Finance Authority (IFA) will not be laying off staff due to the State’s budget problems. The IFA is not funded from the General Fund and therefore will not experience the same reductions as other State agencies. Sixteen contract positions will be converted to fulltime State employee positions.

**Election of Officers** Next the Board held an election of officers. Chairperson Margaret Collison has retired from the Board and is moving out of state. Vincent Lintz was elected to replace her as Chairperson. Kay Anderson was elected Vice-Chairperson, and Nancy Evens was elected Treasurer. The Executive Director serves as Secretary.



**Governor’s Item Vetoes** The Board then discussed the appropriations from IFA funds by the Legislature and the Governor’s item vetoes. The Governor’s veto supported IFA’s contention that these appropriations would negatively affect the ratings of IFA bonds. Several Board members objected to IFA being a “fallback” funding source for the Legislature. Mr. Tramontina indicated that IFA will be negotiating with the Department of Economic Development to provide funding to continue the programs affected by the item vetoes.

**Economic Dev. Loan Prg.** The Board addressed the Economic Development Loan Program. The Board approved four resolutions:

* East Court Avenue Apartments - $850,000 in Multifamily Housing Revenue Bonds to fund a project for 12 loft apartments and common areas in Des Moines.
* Community Y of Marshalltown - $16.0 million in Wellness Facility Revenue Bonds to construct a wellness/fitness facility that includes a lap pool, recreational pool, two gymnasiums, an aerobics room, and fitness areas. The project also received a $3.2 million Community Attraction and Tourism Grant from the Vision Iowa Board.
* Brisben Town Center Villas - $14.0 million in Multifamily Housing Revenue Bonds for a 240-townhouse apartment project in West Des Moines. The project also includes a clubhouse with computer facilities, pool, and playground.
* T.D. Marc, Inc. - In 1997, T.D. Marc received $5.0 million in Industrial Revenue Bonds to construct a manufacturing facility in Winterset. In 2000, Nebraska Furniture Mart acquired Homemakers Plaza, T.D. Marc, and Wood Marc. T.D. Marc was absorbed into Homemakers Plaza, making them responsible for the bonds. Homemakers Plaza, with the Board’s approval, is transferring the bond obligations to Wood Marc.

**Update on Housing Programs** Next the Board received an update on various housing programs. Mr. Tramontina discussed how the Iowa Equity Fund can replace the Iowa Housing Corporation and fill a niche in the housing market that is too small to attract Wall Street and the broader investment market. Habitat for Humanity has expressed an interest in becoming involved in programs with IFA. Home ownership programs, Affordable Multifamily Housing Programs, HUD Programs, and other housing programs were reviewed.



**Iowa Housing Corp.** Dennis Dietz, Iowa Housing Corporation Director, discussed the closing of the Iowa Housing Corporation. For the past year, Mr. Dietz has been winding down the operations with the goal of avoiding disrupting already established projects. Office equipment, vehicles, and other property have been sold or turned over to IFA and Iowa Prison Industries. Mr. Dietz reported that the Corporation assets include outstanding loans of approximately $3.1 million and $4.5 million in securities. The Corporation also has $300,000 to $900,000 in contingent liabilities and obligations. The Corporation will be turning over approximately $7.0 million in assets to the Iowa Finance Authority early in FY 2002, which is about $1.0 million less than was anticipated during the Legislative Session.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

State Soil Conservation Committee Holds Meeting

**Committee Meeting** The State Soil Conservation Committee met in Des Moines on June 7. Chairperson Russ Brandes called the meeting to order.

**Presentations** The following presentations were made:

** Soil**

Conservation Committee

* Jim Gillespie, Division of Soil Conservation, provided an update on the Buffer Strip Initiative. He reported that there have been more applications received than funds available. For the Option One category, there are 98 Districts that have received funds totaling $490,000 for technical assistance and promotion of the Buffer Strip Initiative. For the Option Two category, 83 counties have applied for grants totaling $504,000. For the Option Three category, there have been 661 applications received for a total of $431,000 in grants.
* Bill McGill, Division of Soil Conservation, reported that 21 Soil Conservation Districts have requested $1.4 million for the Supplemental Revolving Loans. Currently there is $328,000 available for new loans.
* Dean Lemke, Division of Soil Conservation, explained that 14 applications were received for the Watershed Development Grants totaling $125,000. Lemke also reported that the Conservation Reserve Enhancement Program (CREP) has been approved by the United States Department of Agriculture and approximately $1.5 million will be available for projects.
* Jim Gulliford, Division of Soil Conservation, explained that a report detailing the livestock demonstration farms would be prepared for the next Legislative Session. Gulliford also provided an overview on the budget for the Soil Conservation Division as passed by the General Assembly.
* Lyle Asell, Department of Natural Resources, discussed the Department’s budget that was passed by the General Assembly. He explained the $150,000 reduction in the Environmental Protection Division will affect funding to the Animal Feeding Bureau. Asell also discussed the registration of cattle feedlot operators and explained that approximately 800 have registered with the Department.
* The Committee elected officers with Russ Brandes as the Chairperson and John Sellers as the Vice Chair.

**Next Meeting** The next meeting will be August 3 in Sioux City. The Committee will tour the Sioux City area on August 2.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Road Use Tax Fund Revenue Update

**Revenue Decline** In FY 2001, the Road Use Tax Fund experienced the first revenue decline since 1981. Receipts to the Fund decreased by a total of $147,000 (0.01%) compared to FY 2000. The Fund experienced decreases in Motor Vehicle Use Tax, fuel taxes, driver’s licenses fees, and interest income in FY 2001.



**Motor Vehicle Use Tax** Motor Vehicle Use Tax revenues decreased by $2.0 million, a 0.9% reduction. The decrease is primarily due to a reduction in new truck and auto sales in FY 2001. New truck and auto sales from July 2000 through April 2001 decreased 9.5% compared to the same period of the prior year. Auto sales information through May will be available in August. Additionally, the FY 2001 Use Tax revenues are being compared to FY 2000, which had experienced a 17.4% increase over FY 1999.

**Registration/Title Fees** Registration and title fees increased $11.0 million (3.3%) in FY 2001 compared to FY 2000. One possible explanation for the increase involves the overall increase in the value of the pool of vehicles registered in Iowa. However, no information is currently available to track this data.

**Fuel Tax Revenues** Fuel Tax revenues declined by $5.6 million (1.4%) in FY 2001 compared to FY 2000. The reduction is attributed to two factors: total fuel sales and an increase in the market share of ethanol.

* Total fuel sales for gasoline, ethanol, and diesel, for the period of July 2000 to May 2001, decreased 26.4 million gallons (1.4%) from the same period of the previous year.
* The sale of ethanol-blended fuel has increased 15.8%, whereas regular gasoline sales have experienced a decrease of 15.5%. This has caused the market share of ethanol to increase from 45.0% in FY 2000 to 52.9% in FY 2001. Because ethanol is taxed at a penny less than gasoline, increasing the market share of ethanol decreases fuel tax collections.

**Other Revenue Types** Other revenue types have experienced a combined decrease of $3.5 million (6.6%) in FY 2001 compared to FY 2000. Drivers license fees declined $2.5 million (17.5%), interest income $2.4 million (19.1%), and underground tank fees $0.2 million (1.3%). These reductions were offset by increases of $1.4 million (28.4%) in other fees and $0.3 million (15.7%) in motor carrier fines.



**Comparison to FY 2000** The following table compares the Road Use Tax Fund receipts for FY 2000 and FY 2001 by revenue source. The sum of the revenues may not equal totals due to rounding.

STAFF CONTACT: David Reynolds (Ext. 16934)

Department of Transportation Testing New Signs

**New Work-Zone Signs** The American Association of State Highway and Transportation Officials (AASHTO) recently posted a “Success Story” on their website regarding new work-zone signs being tested by the Department of Transportation (DOT). The signs use fluorescent orange sheeting bordered by a fluorescent yellow-green background. The new sign material was designed to increase the visibility of mobile work zones that should increase the safety of workers and motorists. The signs were tested this winter at maintenance garages to get feedback from maintenance staff. This summer, the signs will be mounted to trucks used in “moving” work zones in Kansas and Iowa as part of a five-state work-zone research project.

**Signs Tested** Steve Gent of the Office of Traffic and Safety told AASHTO, “The testing will measure when drivers merge, and if they get over more quickly when the new signs are in use. On the roadway, researchers will measure lane occupancy, percentage of vehicles that have moved over, and how quickly they move when the signs are in place. If drivers get over quicker, we can assume the work zone is more visible and is safer for our employees.”

**Feedback will be Collected** The AASHTO article stated that as part of the test, the “right lane closed ahead” signs, with and without the fluorescent yellow-green background, will be rotated every two hours. In addition to tracking lane occupancy, researchers will monitor CB radio traffic to gain informal feedback and will do formal surveys at rest areas near work zones.

**Results Expected** The Center for Transportation Research and Education at Iowa State University will be assisting the Department with the evaluation. The Department expects to release its results late this summer.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Department of Transportation Commission Approves Road and Rail Grants



**Grants Requested** At the April 10 and May 8 Department of Transportation (DOT) Commission meetings, the Commission was presented with six proposals requesting grants from the Rail Economic Development Program and Rebuild Iowa’s Sound Economy (RISE) Program. The grants were requested for the cities of Stuart and Waverly, and for Kossuth and Guthrie counties. The DOT Commission approved each grant contingent on the following conditions:

* The consumption of the proposed economic development for each project;
* The creation of new jobs within two years after completion of each project; and
* Fulfillment of the legislative requirements for the Rail Economic Development Program and RISE Program.

**City of Stuart Stuart**

* Background/Project: On February 12, the City of Stuart filed a Rail Economic Development application requesting a grant of $100,000 to construct a 4,000-foot rail spur. The spur will provide rail service to Wausau Supply, which is proposing an expansion to double the size of the existing facility, in the I-80 Development Park in Stuart.



* Total Cost of Project: $814,000
* Proposed local participation: $714,000 (88%)
* Project will assist in:
* The creation of 15 new jobs at Wausau Supply ($6,667 per job), and
* $913,000 in associated capital investments ($9.13 per Rail Economic Development dollar requested).
* The Commission approved the grant of $100,000, or up to 80% of the total project cost, whichever is less.

**City of Waverly Waverly**

* Background/Project: On March 9, the City of Waverly filed a RISE Immediate Opportunity application requesting a grant of $485,000 (or up to 80% of the total RISE eligible project cost, whichever is less). The grant will assist in improvements to Iowa Highway 3 and in constructing a 700-foot extension of 10th Avenue SW northwest of Iowa Highway 3. The 10th Avenue extension will become the primary entrance to CUNA Mutual Insurance Company and will provide the level of service for the access required for the proposed improvements.
* Total Cost of Project: $606,000
* Proposed local participation: $121,000 (20%)
* Project will assist in:
* The creation of 185 new jobs ($3,000 per job), and
* $18.3 million in associated capital investments ($38 per RISE dollar requested).
* The Commission approved the grant of $485,000, or up to 80% of the total project cost, whichever is less, from the city share of the RISE fund.

**Kossuth County Kossuth County**

* Background/Project: On March 6, Kossuth County filed a RISE Immediate Opportunity application requesting a grant of $178,000 to reconstruct approximately 860 feet of 160th Avenue and grade and pave approximately 600 feet of new roadway to the east of 160th Avenue. In addition, Kossuth County filed a Rail Economic Development application requesting a grant of $100,000 to construct a rail spur on the Union Pacific Railroad. The proposed improvements will provide access to an ethanol plant to be constructed by Midwest Grain Processors Cooperative near Lakota.



* Total Cost of Road Project: $356,000
* Proposed local participation for road project: $178,000 (50%)
* Total cost of rail project: $1.4 million
* Proposed local participation for rail project: $1.3 million (93%)
* Projects will assist in:
* The creation of 30 new jobs at Midwest Grain Processors Cooperative ($6,000 per job from RISE funds; $3,000 per job from Rail Economic Development funds), and
* $57.8 million in associated capital investments ($324 per RISE dollar requested; $578 per Rail Economic Development dollar requested).
* The Commission approved the RISE grant of $178,000, or up to 50% of the total RISE eligible project cost, whichever is less, from the county share of the RISE fund. The Commission also approved the Rail Economic Development grant of $100,000, or up to 80% of the total project cost, whichever is less.

**Guthrie County Guthrie County**

* Background/Project: On April 2, Guthrie County filed a RISE Immediate Opportunity application requesting a grant of $1.0 million to grade and pave approximately two miles of Grant Avenue from Iowa Highway 141 north to County Road E-63.

It was noted during the presentation that the project involves removing an old viaduct under the railroad, which adds considerable cost. Following the review, the two-mile range was reduced to include only the first mile north of Iowa Highway141.



In addition to the RISE application, Guthrie County filed a Rail Economic Development application requesting a grant of $100,000 to construct a rail spur on the Burlington Northern Santa Fe (BNSF) Railroad. The proposed road and rail improvements will provide access to a proposed ethanol plant to be constructed by Tall Corn Ethanol Cooperative.

* Total cost of road project: $1.1 million
* Proposed local participation for road project: $921,000 (82%)
* Total cost of rail project: $807,000
* Proposed local participation for rail project: $707,000 (88%)
* Projects will assist in:
* The creation of 33 new jobs at Tall Corn Ethanol Cooperative ($6,000 per job from RISE funds; $3,000 per job from Rail Economic Development funds), and
* $50.5 million in associated capital investments ($257 per RISE dollar requested; $504 per Rail Economic Development dollar requested).
* The Commission approved the RISE grant of $196,000, or up to 18% of the total RISE eligible project cost, whichever is less, from the county share of the RISE fund. The Commission also approved the Rail Economic Development grant of $100,000, or up to 80% of the total project cost, whichever is less.

**Ethanol Production** It was noted during the Guthrie County presentation, that in addition to the creation of 33 new jobs at Tall Corn Ethanol Cooperative, an estimated 415 farmers have invested in the plant that will use 14.3 million bushels of corn per year, producing 40 million gallons of ethanol and 120,000 tons of distilled grain.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Department of Transportation Lowers Speed Limits in High-Speed Work Zones





Highway

Construction

**Construction Zone Speed**  On June 1, the Department of Transportation (DOT) authorized a 55 mph speed limit for construction and maintenance work zones on interstates and other highways that have a 60 mph or 65 mph speed limit. The lower speed limit will be in effect when one or more of the lanes are closed, and workers are present. The 55 mph signs will be black on white, have two attached flags, and can be rolled up when workers are not present. When no workers are present, the maximum allowable speed will revert to the normal posted limit.

**Advisory Signs** Prior to the June 1 authorization, the Department put up unofficial “advisory” signs in work zones. The advisory signs also displayed 55 mph, but were black on orange, and served mainly as a warning for motorists to slow down. The new black and white signs, however, are official, and allow law enforcement to issue tickets to motorists exceeding the 55 mph limit in work zones.

**New Rule** According to Steve Gent, Office of Traffic and Safety, under the new rule, a motorist traveling 70 mph through a work zone with the 55 mph posted limit, will now be subject to a ticket for going 15 miles over the speed limit. Under the old rule, if motorists were traveling 70 mph through the 55 mph “advised” limit, they were only ticketed for exceeding the limit by 5 mph.



**Increased Enforcement** As a result of the new speed limit, the DOT has allocated approximately $169,000 for increased enforcement in work zones throughout the State. A portion of the money, $120,000, came from construction project funding. The balance was allocated from traffic safety funds. Off-duty Iowa State Patrol troopers and other law enforcement officers will be hired for enforcement of traffic laws in work zones. This extra surveillance is in addition to the normal enforcement of traffic laws during troopers and officers’ regular tours of duty. Steve Gent said the speed limit change is a safety issue not only for workers, but also for motorists: “Hopefully it will make drivers think about the speed they’re driving.”

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

LOTTERY REVENUES AND EXPENDITURES THROUGH MAY



**May Rev./Exp.** Through May, FY 2001 Lottery game revenues decreased $2.8 million from the FY 2000 level. Lottery prize expenses decreased $1.9 million, operating expenses increased $0.5 million, and transfers to State funds decreased $1.5 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

**Comparison to FY 2000** Fiscal year sales through May, compared to the same time period of FY 2000, were as follows:

* Instant ticket sales decreased $5.3 million (6.6%).



* Pick 3 sales decreased $73,000 (2.1%).
* Multi-State Powerball sales increased $3.3 million (7.7%).
* Freeplay Replay sales increased $281,000 (87.1%).
* Cash 4 Life sales decreased $2.5 million (83.7%).
* Daily Game sales decreased $571,000 (13.2%).
* Pull-tab sales decreased $45,000 (0.2%).

**Ticket Sales** Total Lottery sales through May were $154.4 million, a decrease of $2.8 million (1.8%) compared to May 2000. July through May 2000 sales for Powerball and Freeplay Replay were above sales for the same period during FY 2000. Freeplay Replay, which was not offered until March 26, 2000, had sales through May of $0.6 million, and Rolldown, which was not offered until September 2000, had sales through May of $2.0 million. Rolldown replaced Cash 4 Life September 8, 2000.

**Estimated Transfers** The March 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 May, FY 2001 transfers to the General Fund are $1.5 million (4.4%) below FY 2000.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $7.7 million in sales tax during FY 2001.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Attorney General Releases Progress Report - Sexually Violent Predator Program



**Report Released** The Attorney General has recently released a report: Progress Report 2001 of Iowa’s Sexually Violent Predator Program. The Report includes a description of the Program, the treatment component, legal issues, challenges, and recommendations regarding the Program. The recommendations include:

* Amend the statutory transitional release provisions, to provide due process and individuality to the predator’s therapeutic needs as well as public safety.
* Establish and fund gradual release programs, for support during transition of the predator to the non-institutional setting or return to an institution.
* Establish and fund a stand-alone facility, expressing concern for the relationship between overcrowding and the therapeutic and constitutional issues from overcrowding.
* Prepare to conduct a cost benefit analysis of the treatment program, to identify the likely costs to society if the high-risk offenders were not confined to a secure facility. Also included would be possible reduced confinement costs if a treatment program is successful in reducing the risk of the predator.

**Copies Available** Copies of the Report are available upon request from the Legislative Fiscal Bureau.

 STAFF CONTACT: Sue Lerdal (Ext. 17794) Beth Lenstra (Ext. 16301)

FY 2002 Spending Plan - Office of the State Public Defender



**Public Defender** The Legislative Fiscal Bureau (LFB) has received the FY 2002 spending plan for the Office of the State Public Defender and the Indigent Defense Fund. The Office of the State Public Defender received an increase of $398,000 for current operations in FY 2002; the Indigent Defense Fund appropriation was reduced by $1.4 million.

**Budget Shortfall** According to the information received by the LFB, the budget shortfall will require approximately three to five positions to be held vacant in the Office of the State Public Defender. While the Office received an increase of $398,000 in FY 2002, it was necessary to transfer $620,000 in FY 2001 and $495,000 in FY 2000 from the Indigent Defense Fund to the Office of State Public Defender to operate the Office.

**Indigent Defense Fund** Any vacancies in the Office of the State Public Defender will have a negative impact on the Indigent Defense Fund as it is more cost-effective for a State Public Defender to staff an indigent criminal case rather than a private attorney. The Office of the State Public Defender is projecting a need for FY 2002 appropriation transfers or supplemental appropriations for the Indigent Defense Fund.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Dubuque Residential Facility Opens Additional Beds

**New Beds Opened** The First Judicial District Department of Correctional Services opened 36 additional beds at the Dubuque Residential Facility in July. The facility now has 80 beds. The beds are split between probation (43 beds), work release (21 beds) and the Operating While Intoxicated (OWI) treatment program (16 beds).

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Council Bluffs Residential Facility

**New Facility to Open** The new residential facility in Council Bluffs is scheduled to open in September 2001. The facility will provide 26 beds for female offenders. The current 61-bed facility in Council Bluffs has 10 beds for female offenders; these beds will be used for male offenders once the new facility opens.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Iowa Public Television Purchases Davenport Station for DTV Conversion



**Station Purchased** At its June 6 meeting, the Broadcasting Board of Iowa Public Television (IPTV) approved the purchase of Davenport television station KQCT, Channel 36. IPTV is in the process of converting to digital television. The digital broadcast signal is slightly smaller than the current analog signal, leaving the easternmost portion of the State beyond the reach of existing IPTV transmitters. The purchase will expand IPTV’s digital coverage to include the Davenport area.

**Funding Source** The purchase price of $200,000 was paid from State Pooled Technology funds allocated to IPTV.

STAFF CONTACT: Robin Madison (Ext. 15270) Douglas Wulf (Ext. 13250)

Legislative Fiscal Committee Meeting

**July Meeting** The Legislative Fiscal Committee met on July 24 and discussed the following:



* Revenue Update - Dennis Prouty, LFB.
* Appropriations Transfers

$25,000 from the Department of Economic Development to the Iowa Public Employment Relations Board.

$9,700 from the Department of Revenue and Finance, Internal Resource Management to Cigarette Stamp Printing.

* Medical Assistance - Cathy Anderson and Jan Clausen, Department of Human Services, discussed the proposed $19.9 million transfer to the Medical Assistance Program from other appropriations in the Department.
* DHS Drug Rebate.
* Review of the Fiscal Committee Statutory Charge – Tim Faller. The Committee voted unanimously directing the Legislative Fiscal Bureau to develop a format for departments to report violations of any federal, state, or local laws or regulations or any decertifications pursuant to Chapter 2.46, Code of Iowa. The report shall be made periodically and at least quarterly.
* Fire Marshal George Howe and Fire Prevention Supervisor Jen Worthington discussed how often state facilities are examined.
* Byron Orton, Labor Commissioner, discussed OSHA inspections in relation to State facilities.
* Infrastructure Planning Program – Dean Ibsen, Department of General Services.
* Vision Iowa Program Update – Michael Gartner, Vision Iowa Board Member.
* Vision Iowa School Infrastructure Grant Awards – Milt Wilson, Department of Education.
* Teacher Compensation – update on rulemaking process – Ann McCarthy & Milt Wilson, Department of Education.
* ISU Extension Office – Stan Johnson, Vice Provost for ISU Extension.
* Tobacco Securitization Update – Beth Lenstra, LFB.

**Next Meeting** The next meeting is scheduled for Wednesday, August 29 in Des Moines. A tentative agenda will be available the second week of August.

STAFF CONTACT: Holly Lyons (Ext. 17845) Tim Faller (Ext. 14615)