

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETING

Subcommittee Meeting

The Administration and Regulation Appropriations Subcommittee met February 5 and 6.

Governor's Office

The Subcommittee heard the following presentation:

- Dr. Stephen Gleason, Chief of Staff; and Elisabeth Buck, Deputy Chief of Staff; gave a brief overview of the Office of the Governor.
- Staff reviewed the Legislative Fiscal Bureau's budget documents and highlighted various requests for additional funds from the Departments.

Personnel and Lottery

The Subcommittee heard the following presentations:

- Mollie Anderson, Director, Department of Personnel, gave an overview of the State Workers' Compensation Program. Ms. Anderson indicated an actuarial study of workers' compensation claims is being conducted. Ken Biscoe, Sedgwick Claims Management Services, Inc., reported the Attorney General's Office provides support and represents the State in any contested cases without charging the Department of Personnel.
- Edward J. Stanek, Iowa Lottery Commissioner, presented the Iowa Lottery's status quo FY 2004 budget request.

More Information

Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the Legislative Fiscal Bureau (LFB) web site at:

http://staffweb.legis.state.ia.us/lfb/subcom/admin_reg/admin_reg.htm.

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AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE MEETING

Subcommittee Meeting

The Agriculture and Natural Resources Appropriations Subcommittee met February 4 and 5. The following was discussed:

Governor's Recomm.



Deb Koziel, Legislative Fiscal Bureau, discussed the Governor's budget recommendations for FY 2004. They included:

- The Governor is recommending \$32.5 million for the Agriculture and Natural Resources Subcommittee from the General Fund and 1,559.8 FTE positions. This is an increase of \$544,000 (1.7%) and no change in FTE positions compared to estimated FY 2003.
- The Governor is recommending \$17.0 million for the Department of Agriculture and Land Stewardship from the General Fund and 472.1 FTE positions for FY 2004. This is an increase of \$230,000 (1.4%) and no change in FTE positions compared to estimated FY 2003. The changes include:
 - An increase of \$249,000 (1.5%) and no change in FTE positions to fund FY 2004 salary increases from the General Fund.
 - A decrease of \$19,000 (100.0%) for elimination of the Feed Grain Verification pilot project.
- The Governor is recommending \$15.5 million from the General Fund and 1,075.1 FTE positions for FY 2004 for the Department of Natural Resources. This is an increase of \$314,000 (2.1%) and no change in FTE positions compared to estimated FY 2003. The increase is to fund FY 2004 salary increases from the General Fund.

Dept. of Ag.



Ron Rowland, Department of Agriculture and Land Stewardship, discussed the Milk Inspection Program and reported:

- There are over 2,000 dairy farms in Iowa.
- The Grade "A" farms are inspected every six months and the Grade "B" farms are inspected annually.
- There are 124 dairy processing plants in Iowa that are inspected every three to six months.
- Department inspectors monitor milk quality and test for antibiotics, bacteria, coli form, and butter fat.

Dept. of Natural Resources

Wayne Gieselman, Department of Natural Resources, provided an update on animal confinement operations and reported:

- The Department and County Board of Supervisors will use the master matrix to evaluate future sites of animal feeding operations. The matrix becomes effective March 1, 2003, and will include scores based on air quality, water quality, and community impact.
- Counties that adopt a construction evaluation resolution will have the authority to evaluate and make recommendations to the Department on proposed sites for future animal feeding operations. A county representative will be allowed to accompany a Department employee during a site inspection.
 - The Department is conducting a comprehensive field study to monitor air quality at animal confinement operations and open feedlots, testing for hydrogen sulfide,



ammonia, and odor. The Department held six public hearings to receive comments regarding the development of ambient air quality standards and will present their proposal to the Environmental Protection Commission at the April meeting.

- The Department has hired 14 environmental field specialists to provide site inspections regarding construction permits, manure management plans, and other complaints.
- The Department is working with Iowa State University and the United States Department of Agriculture Natural Resources Conservation Service to develop a phosphorus index for producers in Iowa.

More Information

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

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ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE MEETING

Subcommittee Meeting

The Economic Development Subcommittee met the week of February 3 and conducted the following business:

Economic Indicators

Ken Stone, Iowa State University, presented an overview of economic indicators or performance measures. The economic indicators compared Iowa's economy to that of the nation and neighboring states. Iowa's economic indicators were also compared to the following regions: central, northwest, southwest, northeast, and southeast.

Dept. of Econ. Develop.



Mike Blouin, Director of the Department of Economic Development, and Mary Lawyer, Deputy Director of the Department, presented a description of the Department's divisions, programs, and services. The Department is divided into three divisions:

- Administration – Includes management and administrative services for all Department activities.
- Business Development – Programs include:
 - Business Outreach
 - Insurance Development
 - Targeted Industry Recruitment
 - Entrepreneurial Services
 - Export Assistance
 - Iowa Product Promotion
 - Human Resources Recruitment
 - Research, Analysis & Technology
 - Immigration and Regulatory Assistance





- Iowa Waste Exchange
- Community Development – Programs include:
 - Tourism operations and advertising
 - Iowa Film Office
 - Community Outreach
 - Governor’s Volunteer Office
 - Wine and Beer Promotion Board
 - Tourism Products Fund

Governor’s Recomm.



The Legislative Fiscal Bureau presented an analysis of the Governor’s FY 2004 budget recommendations. The Governor is recommending \$22.3 million from the General Fund and 1,246.1 FTE positions for the three departments and the Regents University programs of the Economic Development Appropriations Subcommittee, a decrease of \$2.7 million (10.6%) and 6.0 (0.5%) FTE positions compared to estimated FY 2003. This includes 813.4 FTE positions that are not appropriated by the General Assembly. Major General Fund changes in the Department of Economic Development include:

- An increase of \$1.2 million for tourism advertising. This was previously funded with Community Attraction and Tourism (CAT) Funds appropriated from the Rebuild Iowa Infrastructure Fund (RIIF).
- A decrease of \$4.2 million for the Strategic Investment Fund and the Value-Added Agricultural Products Financial Assistance Program (VAAPFAP).

More Information

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

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EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meeting

The Education Appropriations Subcommittee met three times during the week of February 3. Significant agenda items included budget presentations by the following:

- Department of Education
- Community Colleges
- Community Empowerment

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the LFB web site at:
http://staffweb.legis.state.ia.us/lfb/subcom/ed_sub/educat.htm.

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HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meeting



The Health and Human Services Appropriations Subcommittee met the week of February 3 and conducted the following business:

- On February 4, the Legislative Fiscal Bureau (LFB) presented the FY 2004 Governor's recommendations for the Department of Elder Affairs, the Department of Public Health, the Department of Human Services (DHS), and the Veterans Affairs Commission.
- On February 5, Sally Titus Cunningham, Interim Director, DHS, presented an overview of the Department's programs and activities.
- On February 6, the Subcommittee members visited the Carpenter Avenue DHS office located in Des Moines.

More Information

Copies of agendas, minutes, and selected handouts 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

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JUSTICE SYSTEM SUBCOMMITTEE MEETINGS

Subcommittee Meeting

The Justice System Subcommittee met the week of February 3 and had the following presentations:

Dept. of Public Defense

The Department of Public Defense and the Emergency Management Division presented brief overviews of their department functions, objectives, and budgets.

ILEA & ICN

The Iowa Law Enforcement Academy and the Iowa Communications Network presented brief overviews of their department functions, objectives, and budgets.

Governor's Recomm.

The Legislative Fiscal Bureau gave a presentation on the Governor's recommendations. The Governor is recommending an increase of \$22.6 million and 21.2 FTE positions compared to the estimated net FY 2003 appropriations for the agencies funded through this Subcommittee. The Governor's total recommendation for the Justice System Subcommittee in FY 2004 is \$491.8 million and 8,103.6 FTE positions.

Presenters for the week of February 10 will be the State Public Defender's Office and the Department of Corrections.

More Information

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

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TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

Subcommittee Meeting

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 4 and 5. The Subcommittee heard the following presentations:

ICN

The Iowa Communications Network (ICN) presented the Governor's recommendation of \$2.7 million for continued funding of the Part III maintenance and leases cost. The appropriation is being recommended from the Rebuild Iowa Infrastructure Fund (RIIF).

Governor's Recomm.



The Legislative Fiscal Bureau presented an overview of the Governor's recommendations for the Department of Transportation and State agencies requesting funds for infrastructure projects. The Governor is recommending a total of \$266.9 million for the Department of Transportation and \$211.4 million for infrastructure projects. Infrastructure funding includes infrastructure and technology projects, environmental programs, and debt service payments.

February 5

The Department of Agriculture and Land Stewardship presented the FY 2004 Departmental requests and Governor's recommendations from the Environment First Fund. The Department requested a total of \$15.8 million and the Governor is recommending a total of \$13.6 million for environmental programs administered by the Department. The recommendations include:

The Department of Natural Resources presented the Governor's FY 2004



	Dept. Req. FY 2004	Gov. Rec. FY 2004
Soil Conservation Cost Share	\$ 5,500,000	\$ 5,500,000
Watershed Protection Program	3,200,000	2,700,000
Conservation Reserve Enhancement (CREP)	2,000,000	1,500,000
Conservation Reserve Program (CRP)	2,000,000	2,000,000
Agriculture Drainage Wells	1,500,000	500,000
Farm Demonstration Program	850,000	850,000
Loess Hills Conservation Authority	500,000	500,000
Cooperative Soil Survey Program	200,000	0
Total	\$ 15,750,000	\$ 13,550,000

recommendations from the Environment First Fund and the Restricted Capital Fund. The Governor is recommending a total of \$28.0 million for environmental and recreational programs administered by the Department. The recommendations include:

	Gov. Rec. FY 2004
REAP Program	\$ 11,000,000
Lake Dredging	1,000,000
Water Quality Monitoring Stations	2,955,000
Destination State Park Construction	3,000,000
Marine Fuel Tax Capital Projects	2,700,000
Restore the Outdoors Program	2,500,000
Park Operations and Maintenance	2,000,000
Lewis and Clark Rural Water System	1,500,000
Air Quality Monitoring Equipment	500,000
Water Quality Protection	500,000
GIS Information for Watersheds	195,000
Volunteers and Keepers of Land	100,000
Total	<u>\$ 27,950,000</u>

More Information



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

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GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

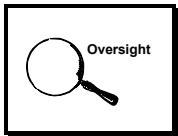
Government Oversight

The Government Oversight Committee met on February 4 and 5.

Business Permits

February 4 meeting included:

- A presentation by Department of Natural Resources on business permits, licensing, and fees. Representatives from the Department of Agriculture and Land Stewardship and the Department of Economic Development were in attendance to answer questions.
- The Committee discussed issues regarding the need for increased coordination among the three agencies, the need for consolidation of expertise, and ways to provide savings to the State and businesses. The Committee asked these agencies to review policies and procedures that promote consolidation of services and cost savings and report back to the Committee during the interim.



Committee Discussion

February 5 meeting included:

- A presentation by the Treasurer of the State on the Senior Living Trust Fund. Questions were asked about obligations, interest income, and balances. A spreadsheet prepared by the Legislative Fiscal Bureau was also discussed. The Committee requested more information from the Treasurer and wanted another session on the Senior Living Trust Fund.
- John Pollak, Legislative Service Bureau, discussed the Program Elimination Commission (PEC) Bill (LSB 20731C). He described the intent of the Bill by each division. The Committee asked questions as specific areas of concerns were identified. Mr. Pollak was asked for options the legislature might have to reach agreement on a bill. A fiscal note on the Bill was requested. Mr. Pollak indicated that many areas were difficult to cost out based on presentations to the Commission and the options the Bill provided.



- The Chairs advised the Committee that the PEC Bill, other than Education recommendations, would be assigned to the Government Oversight Committee for review and recommendation. The PEC Bill will then go to the State Government Committee with recommendations from the Government Oversight Committee.
- The Government Oversight Committee will use meeting times next week for review and discussion of the PEC Bill and to receive public comment on the PEC recommendations. The goal is to have the Committee's work on PEC completed by the end of next week.

More Information

More information is available on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/committee/oversight/oversight.htm>

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SENIOR LIVING COORDINATING UNIT MEETING

Coordinating Meeting



The Senior Living Coordinating Unit met February 7 and conducted the following business:

- Steve Young, Department of Inspections and Appeals, reported on the draft version of the report that details the annual activities of the Senior Living Coordinating Unit for 2002. In addition, Mr. Young reported on the FY 2004 Governor's recommendations for the oversight of assisted living programs and adult day services.
- Eileen Creager, Department of Human Services, reported on the FY 2004 Governor's recommendations for the Senior Living Trust Fund.
- Mark Haverland, Department of Elder Affairs, provided a legislative update regarding assisted living programs, adult day services, and dependent adult abuse.
- Jim Matre, Department of Elder Affairs, provided a presentation on the use of the federal \$1.5 million Seamless System Grant.

Quarterly Meeting

The regular quarterly meeting of the Senior Living Coordinating Unit will be held in March.

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SENATE FILE 36 PASSES THE SENATE

Supplemental Bill



Senate File 36 (FY 2003 Non-Medicaid Supplemental Appropriations Bill) passed the Senate on February 6. The Bill makes FY 2003 General Fund supplemental appropriations of \$19.5 million as follows:

- Department of Human Services - \$8.9 million for:
 - Child and Family Service - \$5.7 million for:
 - Shelter Care Services - \$1.0 million increase
 - Family Centered Services - \$1.6 million increase
 - Family Preservation Services - \$7,000 decrease
 - Adoption Services - \$29,000 decrease

- Adoption Subsidies - \$1.8 million increase
- Family Foster Care - \$518,000 increase
- Group Care - \$60,000 increase
- Independent Living - \$70,000 increase
- Replace lost federal funds - \$638,000 increase
- Mount Pleasant Mental Health Institute - \$165,000 to maintain the 30-bed Substance Abuse Treatment Program.
- Glenwood and Woodward State Resource Centers - \$3.0 million for the operating budgets.
- Department of Corrections - \$6.6 million for the nine Institutions, four of the eight Community-Based Corrections (CBC) District Departments, and Central Office. Funding includes:
 - \$1.6 million for support budget increases at the Anamosa State Penitentiary and the Iowa State Penitentiary at Fort Madison.
 - \$5.0 million to restore furlough reductions for the nine Institutions: the First, Second, Third, and Eighth CBC District Departments; and Central Office.
 - The Bill includes language that permits the Department to retain federal receipts in excess of \$3.4 million. The Department currently holds federal detainees, and the U.S. Bureau of Prisons reimburses the General Fund approximately \$3.4 million. Language included in SF 36 permits the Department to retain any amount generated in excess of \$3.4 million. The language may generate no more than \$200,000 in FY 2003. The Department plans to use these funds to partially offset the furlough reductions at the Newton and Fort Dodge Correctional Facilities.
- Office of the State Public Defender - \$2.3 million for the Indigent Defense Fund due to the increasing number of cases and claims.
- Department of Public Safety - \$1.7 million to restore the furlough reductions in the Divisions of Administration, Criminal Investigation, Narcotics Enforcement, the Office of the State Fire Marshal, and the Iowa State Patrol.



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HOUSE FILE 65 – .08 BLOOD-ALCOHOL CONTENT BILL PASSES THE HOUSE

Blood/Alcohol Content



House File 65 (OWI Blood-Alcohol Content), as amended, passed the House February 6. The Bill changes the limit for blood-alcohol concentration while driving a motor vehicle from .10 percent to .08 percent. Under the Bill, a person who drives with a .08 percent blood-alcohol concentration or higher would violate Section 321J.2, Code of Iowa, the Operating While Intoxicated (OWI) statute. The fiscal impact of House File 65, as amended, is not yet known. The fiscal impact of the Bill prior to amending is detailed below.

State/Local Impact

Due to the correctional impact, the estimated net fiscal impact of House File 65 to the State General Fund is an increase in expenditures of \$257,000 during FY 2004, and an increase in expenditures of \$523,000 during FY 2005. The estimated net fiscal impact of House File 65 to local governments

is an increase in expenditures of between \$64,000 and \$108,000 in FY 2004 and each year thereafter.

Federal Funds Impact



If Iowa enacts House File 65 by July 15, 2003, and begins enforcement by September 30, 2003, the State will receive between an estimated \$1.4 million and \$2.1 million in one-time federal incentive funds. No State matching funds are required for the incentive grant. The incentive funds can be used for any projects eligible for assistance under Chapter 23, United States Code, which includes highway construction and traffic safety projects. The Governor is recommending that \$1.2 million of the incentive go to the State Patrol.

If the law is not enacted by October 1, 2003, Iowa will have 2.0 percent of federal highway funds withheld for FFY 2004. The penalty increases by 2.0 percent each year, up to 8.0 percent in FFY 2007 and thereafter. Withholding amounts are based on the estimate of \$228.0 million.

If Iowa adopts the law by October 1, 2007 (FFY 2008), the State will be reimbursed any funds withheld from previous years. Beginning in FFY 2008, if Iowa has not yet adopted the law, the State will have funds lapse each year, in addition to the 8.0 percent withheld. For example, in FFY 2008, 8.0 percent of funds will be withheld, and the 2.0 percent of funds that were withheld in FFY 2004 will be lost.

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DEPARTMENT OF CORRECTIONS - STATE APPEALS BOARD CLAIM

State Appeals Board



The Legislative Fiscal Bureau (LFB) was recently notified of a claim paid by the State Appeals Board in December 2002 relating to the Fifth Judicial District Department of Correctional Services. Johnie Wallace slipped and fell in the Operating While Intoxicated (OWI) residential treatment facility at Fort Des Moines in October 1998. Mr. Wallace received treatment at the University of Iowa Hospitals and Clinics. The out of court settlement resulted in the State Appeals Board paying:

- \$5,000 to the University of Iowa Hospitals and Clinics.
- \$2,000 to Mr. Wallace and his attorney, Charles C. Brown. The payment to Mr. Wallace was reduced by \$350 for the amount he owed to the Polk County Clerk of Court Office.

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GOVERNOR APPOINTS DIRECTOR FOR THE DEPARTMENT OF REVENUE AND FINANCE

New Director

Governor Tom Vilsack has appointed Mike Ralston as Director of the Department of Revenue and Finance.



Mr. Ralston has worked as the Policy and Law Director for Qwest Communications since 1999. From 1993 to 1999, he served as President of

the Iowa Taxpayers' Association. He has also worked as District Director for Iowa Congressman Cooper Evans and served as Mayor of Grundy Center from 1978-1995, beginning at age 18. Mr. Ralston received his B.A. degree in Political Science from the University of Northern Iowa.

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