

FISCAL UPDATE

November 4, 2003

Legislative Services Agency

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<http://staffweb.legis.state.ia.us/lfb>

LEGISLATIVE FISCAL COMMITTEE MEETING

Fiscal Committee



The Legislative Fiscal Committee met October 21 and conducted the following business:

- The Legislative Services Agency (LSA) staff reviewed the FY 2004 budgetary information and the 2.5% across-the-board reduction as ordered by the Governor in Executive Order 31 on October 10.
- The LSA staff reviewed the October Revenue Estimating Conference (REC) revisions for FY 2004 and FY 2005.
- The LSA staff provided an update regarding the FY 2004 Medical Assistance (Medicaid) expenditures and the Healthy and Well Kids in Iowa (*hawk-i*) Program expenditures.
- The LSA staff provided a summary of security expenditures for the Capitol Complex. Representatives of the Highway Patrol and the Department of Public Safety (DPS) provided additional information.
- The LSA staff provided financial information regarding a 0.1% decrease in the expected federal funding from the National Highway Traffic Safety Administration Incentives. Representatives from the DPS answered questions.
- The Department of Administrative Services staff provided information concerning on-line benefit enrollment for State employees.
- The following issues related to the initiatives in SF 453 (Government Reinvention Act) were discussed:
 - A progress report of requirements within the Act was provided by LSA staff.
 - Information regarding the estimated appropriation decreases and revenue increases approved to provide a FY 2004 net savings of \$15.0 million as specified in the Act for charter agencies was provided by Department of Management staff and LSA staff.

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- Information from the Public Strategies Group (PSG), the Iowa League of Cities, and the Iowa State Association of Counties, concerning development of efficiencies and assistance provided by the PSG to local governments.
- Received information regarding the estimated \$20.0 million increase in school aid for FY 2005 from the LSA. Department of Revenue personnel explained reasons for valuation declines causing State aid increases compared to the original estimates.
- Received information from the Department of Revenue regarding the FY 2003 tax equalization and the status of the Property Tax Implementation Committee.
- Discussed the proposed agenda for the December 17 meeting, including:
 - Revenue update and balance sheet funds.
 - Racing Association of Central Iowa lawsuit status and impact on the Rebuild Iowa Infrastructure Fund (RIIF).
 - Built-in expenditures for FY 2005.
 - School District Insurance Pool Study.
 - Grow Iowa Values Fund.
 - State Indebtedness Report.
 - Actuarial data from the Iowa Public Employees Retirement System (IPERS) and the Judicial Retirement Fund.
 - Status of various statutory reports required by legislation.
 - Information from an economist regarding the status of the economy.
 - Information from the educational arena regarding the impact of the 2.5% across-the-board reduction by the Governor.

Next Meeting

The next meeting is scheduled for December 17.

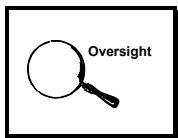
More Information

Additional information is available from the LSA upon request. The meeting agenda and handouts are available on the LSA web site at: http://staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/fiscal_comm_docs.htm.

STAFF CONTACT: David Reynolds (Ext. 16934) Sue Lerdal (Ext. 17794)

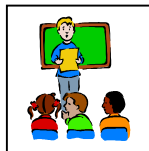
LEGISLATIVE OVERSIGHT COMMITTEE MEETING

Oversight Meeting



The Legislative Oversight Committee met on October 13 and 14. The agenda included the following:

- Department of Economic Development staff presented an update on the Iowa Values Board and projects selected.
- Department of Management staff presented an update on the Grants Enterprise Management System (GEMS).
- Information Technology Enterprise and the Department of Transportation (DOT) personnel discussed driving record fee rates.



- Ethics and Campaign Disclosure Board staff reviewed the status of converting campaign reports to an electronic system, an update on electronic reporting, and a discussion of potential violations with Ethics rules relating to the contract with the Public Strategies Group (PSG).
- Department of Administrative Services personnel reviewed contracting processes, including Request for Proposals (RFP), vendors' registration, and preference for Iowa businesses.
- Department of Administrative Services staff discussed the billing process for the new department and issues with past billing methods.
- Department of Management and Information Technology Enterprise personnel presented an update on the Integrated Information for Iowa (I/3) Project.
- A Staff person from the Office of the Governor discussed the FTE positions in the Office of the Governor that are compensated with funds from other State agencies and answered questions.

Next Meeting

The next meeting is scheduled for December 15 and 16.

More Information

Additional information is available from the LSA upon request. An overview of the meeting will be available in the next issue of the Iowa Legislative Interim Calendar and Briefing on the web site at:
<http://www.legis.state.ia.us/GA/80GA/Interim/2003/>.

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NOTICE OF APPROPRIATIONS TRANSFER – DEPARTMENT OF HUMAN RIGHTS

Transfer Notice**Transfer Amounts**

On October 23, the Fiscal Services Division of the Legislative Services Agency (LSA), received notification of a request to transfer funds pursuant to Section 8.39, Code of Iowa. The notice requests a transfer of FY 2004 appropriations totaling \$13,000 within the Department of Human Rights.

The Division for the Status of African-Americans will receive \$13,000, and the Central Administration will transfer out \$13,000.

Division Administrator

The transfer will provide additional salary funding for the new Division Administrator of the Status of African Americans in order to make the salary comparable to the salary of the Division Administrator of Latino Affairs.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

NOTICE OF APPROPRIATIONS TRANSFER – DEPARTMENT OF PUBLIC HEALTH

Transfer Notice

On October 20, the Fiscal Services Division of the Legislative Services Agency (LSA), received notification of a request to transfer funds pursuant to Section 8.39, Code of Iowa. The notice requests transfers of FY 2004 appropriations totaling \$304,000 within the Department of Public Health. The

reason stated “was to implement the \$876,452 budget cut as mandated by the 2003 General Assembly.” No explanation was provided as to why funds being transferred from the following are available.

Transfers to



Funds are being transferred to:

- Adult Wellness – \$50,000.
- Child and Adolescent Wellness – \$100,000.
- Infectious Diseases – \$2,000.
- Public Protection – \$89,000.
- Resource Management – \$63,000.

Transfers from

Funds are being transferred from:

- Chronic Conditions – \$174,000.
- Community Capacity – \$41,000.
- Environmental Hazards – \$89,000.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

"RAINY DAY FUND" BALANCES DECLINE NATIONWIDE

Reserve Funds



A recent article in the *State Legislatures* magazine, published by the National Conference of State Legislatures (NCSL), reports that states' budget stabilization fund balances, (also called rainy day fund balances) have fallen sharply since the 1990s. The current economic decline is the primary reason that states have seen reserve balances shrink from a nationwide total of \$26.0 billion in FY 2000 to less than \$9.0 billion in FY 2003.

Almost all states have tapped into their Rainy Day Funds in recent years, and some states, such as Arizona, Idaho, and Oklahoma, depleted the funds completely in FY 2003. Two other states, Texas and Washington, expect to exhaust reserve funds entirely in FY 2004. According to the NCSL report, 36 states, including Iowa, ended FY 2003 with reserve fund balances below the 5.0% recommended by Wall Street advisors.

Fund Purpose

While all Rainy Day Funds were created to provide reserve funds for difficult economic times or unforeseen emergency expenditures, not all funds were created the same way. Most states authorize Rainy Day Funds by statute, but some states, such as Alaska, Delaware, Louisiana, Oklahoma, South Carolina, Texas, and Virginia, have constitutional authorization.

Iowa Reserve Fund



In Iowa, the year-end General Fund surplus (ending balance) is appropriated to the Cash Reserve Fund. When the Cash Reserve Fund has reached the maximum percentage (currently 5.0% of adjusted General Fund revenues), and all outstanding Generally Accepting Accounting Principle (GAAP) obligations are retired, the remaining funds are credited to the Economic Emergency Fund.

Emergency Expenditures

Most states require some sort of emergency before reserve funds can be used. In Iowa, expenditures from the Cash Reserve Fund and the Economic

Emergency Fund are limited to emergency expenditures. However, moneys from both funds may be used for cash flow purposes but must be returned by the end of the fiscal year.

Iowa Balances



Iowa's fund balances have declined in the last three fiscal years. The following table reflects the actual and estimated fund balances for the Cash Reserve Fund and the Economic Emergency Fund from FY 2002 to FY 2004.

Fund	Reserve Fund Balances (\$ in millions)				Balance as % of Adj. Revenue
	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Maximum Balance*	
Cash Reserve	\$ 140.1	\$ 205.4	\$ 158.9	\$ 224.9	3.5%
Economic Emergency	25.2	3.3	3.3	224.9	0.1%
Total	\$ 165.3	\$ 208.7	\$ 162.2	\$ 449.8	3.6%

*The maximum balance is 5.0% of the adjusted General Fund revenues estimate. The Statute was amended and this percentage was changed to 7.5% and 2.5% for the Cash Reserve Fund and the Economic Emergency Fund, respectively, but the language was notwithstanding for FY 2004, so the FY 2004 goal of 5.0% in each fund remains.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Holly Lyons (Ext. 17845)

FY 2005 DEPARTMENT OF INSPECTIONS AND APPEALS AND RACING AND GAMING COMMISSION BUDGET REQUESTS

Inspections & Appeals



The Department of Inspections and Appeals is requesting \$7.8 million from the General Fund and 259.0 FTE positions for FY 2005. This is an increase of \$190,000 compared to the estimated net FY 2004 appropriation. The increase restores the 2.5% across-the-board reduction implemented in FY 2004.

Racing & Gaming

The Racing and Gaming Commission is requesting \$4.1 million from the General Fund and 54.8 FTE positions. This is an increase of \$100,000 compared to the estimated net FY 2004 appropriation. The increase restores the 2.5% across-the-board reduction implemented in FY 2004.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

FY 2005 GOVERNOR'S OFFICE, OFFICE OF DRUG CONTROL POLICY, AND SECRETARY OF STATE BUDGET REQUESTS

Governor's Office



The Governor's Office is requesting \$2.0 million from the General Fund and 27.3 FTE positions for FY 2005. This is an increase of \$48,000 and no change in FTE positions compared to the estimated net FY 2004 appropriation. The increase restores the 2.5% across-the-board reduction implemented in FY 2004.

Drug Control Policy

The Office of Drug Control Policy is requesting \$261,000 from the General Fund and 9.0 FTE positions for FY 2005. This is an increase of \$6,000 and no change in FTE positions compared to the estimated net FY 2004 appropriation. The increase restores the 2.5% across-the-board reduction implemented in FY 2004.

Secretary of State



The Secretary of State is requesting \$2.6 million from the General Fund and 42.0 FTE positions for FY 2005. This is an increase of \$315,000 and no change in FTE positions compared to the estimated net FY 2004 appropriation. This includes an increase of \$250,000 to provide the 5.0% match for the federal FY 2004 Help America Vote Act (HAVA) funds and an increase of \$65,000 to restore the 2.5% across-the-board reduction implemented in FY 2004.

More Information

Additional information is available from LSA upon request.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

FY 2005 DEPARTMENT OF PUBLIC HEALTH BUDGET REQUEST

Budget Request

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Public Health



The Department of Public Health is requesting \$24.5 million from the General Fund and 414.1 FTE positions for FY 2005, including 27.8 FTE positions not appropriated by the General Assembly. This is no change in funding and a decrease of 2.6 FTE positions compared to the estimated FY 2004 appropriation.

Other Funds

The Department is also requesting \$19.6 million from the Healthy Iowans Tobacco Trust Fund for FY 2005. This is no change compared to the estimated FY 2004 appropriation. In addition, the Department is requesting \$3.7 million from the Gambling Treatment Fund for FY 2005. This is no change compared to the estimated FY 2004 appropriation.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

UPDATE ON CHILD WELFARE AND JUVENILE JUSTICE SYSTEM REFORM – BETTER RESULTS FOR KIDS IN THE 21ST CENTURY

State Redesign

On October 17, the Department of Human Services (DHS) issued the third and final draft of proposed recommendations for the redesign of the State's child welfare and juvenile justice systems.

Stakeholder Panel



A Stakeholder Panel meeting and provider interface panel was held on October 23 to review and discuss the final redesign draft. Written comments on the draft were due on October 23.

Steering Committee

The Steering Committee met on October 27 to provide final input on the redesign project, and Director Concannon, DHS, is tentatively expected to issue recommendations regarding the redesign the week of November 3.

More Information

Additional information is available from the LSA upon request. Information regarding the redesign project may be accessed on the DHS web site at: <http://www.dhs.state.ia.us/BetterResultsforKids/default.asp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

HEALTHY AND WELL KIDS IN IOWA BOARD MEETING

hawk-i Meeting



The Healthy and Well Kids in Iowa (*hawk-i*) Board met on October 20. The Administrator reported on various topics, including:

- An overview of news from other states. Some other states have had to implement waiting lists and other reductions in their Children's Health Insurance Programs due to budget shortfalls.
- The final balance in the *hawk-i* Trust Fund is \$4.4 million. A status quo budget request was submitted for FY 2005. If a status quo funding level is approved, a waiting list and some disenrollments will be required.
- Discussion of proposals by Delta Dental and the Wellmark Foundation regarding dental coverage and improvements to the enrollment process.
- Both the Centers for Medicare and Medicaid Services (CMS) and the federal Office of the Inspector General (OIG) are in the process of performing regularly scheduled audits of the Program.
- Adoption of rule changes required by HF 565 (Healthy and Well Kids In Iowa Program Act). The rules change the frequency of the Board meetings to every other month and eliminate the requirement that children be without health insurance 6-months prior to enrollment.
- Updates on outreach activities.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

IOWA RECEIVES TEMPORARY ASSISTANCE TO NEEDY FAMILIES BONUSES

TANF Bonus

Iowa received two bonuses totaling \$7.1 million from the Federal Temporary Assistance to Needy Families (TANF) Program. Iowa's TANF program is known as the Family Investment Program.

Bonus Amounts



The first bonus of \$6.5 million was awarded for high performance in FY 2002 in job retention and earnings gains. It was the maximum bonus possible. Iowa received a second bonus of \$591,000 for being the fifth highest state in the nation in improving enrollment in Medicaid and the Healthy and Well Kids in Iowa (*hawk-i*) Program for past TANF recipients. The bonuses will be deposited into the TANF Fund and will be available during the 2004 Legislative Session for appropriation in FY 2005.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

DEPARTMENT OF HUMAN SERVICES RECEIVES REPORT ON FEDERAL CHILD AND FAMILY SERVICES REVIEW

Federal Report



On October 14, the Department of Human Services (DHS) received the report on findings from the on-site review of the State's Child Welfare System conducted by the federal Administration for Children and Families in May 2003. The Report indicated the State is not operating in substantial conformity with certain federal child welfare standards. The entire Report may be accessed on the DHS web site at: <http://www.dhs.state.ia.us/NewsReleases/default.asp>.

Primary Issues

The federal review focused on two primary areas, including outcome measures that ensure results in safety, permanency, and well-being of at-risk children and families, and systemic measures, such as the State's infrastructure system of computer systems, staff training, and recruitment of foster and adoptive parents, which impact the State's ability to deliver services.

Conformity Concerns



Iowa was found not to be in substantial conformity in terms of the following:

- The State does not do well in preventing re-entry into the foster care system.
- The State does not meet goals in ensuring placement stability, in establishing permanency goals in a timely manner, in achieving finalized adoptions in a timely manner, and in assisting children to transition to adulthood.
- The rates of re-abuse of children and of abuse of children in foster care are higher than allowed.
- In systemic areas, the State did not meet standards on staff training, quality assurance, service array, or case reviews.

Conformity Updates



Program Plan

The State was found to be in substantial conformity in terms of the following:

- Children are safely maintained in their own homes whenever possible and appropriate, and receive appropriate services to meet educational needs.
- The State has an adequate statewide information system, is responsive to the community, and does well in terms of licensing, recruiting, and retaining foster and adoptive parents.

Within 90 days of the receipt of the Report, the State is required to submit a Program Improvement Plan to address each outcome and systemic factor where the State was not in substantial conformity. The State will be evaluated again for improvement in two years.

Fiscal Impact



The State could lose an estimated \$662,000 in federal funds due to this level of non-conformity; however, the withholding of funds is suspended during the period of the approved Program Improvement Plan. If the State is successful in correcting any of the areas that are in non-conformity, either through successful completion of the Program Improvement Plan or through a subsequent review, the withholding of federal funds will be rescinded in those areas.

Child Redesign

The findings from the federal review and the Program Improvement Plan will also be used in the child welfare redesign project that has been under way since May 2003, as required by SF 453 (Government Reinvention Act).

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

LEGISLATIVE MONITORING COMMITTEE ON CHILD WELFARE REDESIGN HOLDS MEETING

Monitoring Committee



The Legislative Monitoring Committee appointed to oversee the project to redesign Iowa's child welfare and juvenile justice system met on October 22 and conducted the following business:

- Received information regarding the Report on the federal Child and Family Services Review with Kris Lange, Department of Human Services (DHS).
- Discussed the third draft of the child welfare redesign with Wendy Rickman, DHS, and Jan Clausen, DHS. The Committee requested that if legislative changes will be necessary due to the redesign, that these be proposed at the next Committee meeting.

Next Meeting

The next meeting is scheduled for December 16.

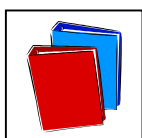
More Information

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STAFF CONTACT: Lisa Burk (Ext. 17942)

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES COMMISSION

Commission Meeting



The Mental Health and Developmental Disabilities Commission met on October 16 and conducted the following business:

- Heard an update from Kevin Concannon, Director, Department of Human Services (DHS), regarding the State child welfare redesign and the federal child welfare review.
- Initiated discussion and proposed changes to the preliminary report of the Mental Health Redesign. A copy is available at: http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2003.htm. During the discussion, the members determined:
 - Public discussion on previously determined dates and locations via the Iowa Communications Network (ICN) should be delayed.
 - The compiled preliminary information should be referred to as a draft plan in lieu of a preliminary report.
 - Formed a subgroup of the membership to develop Recommendation Number 7 regarding services eligibility to refocus on a core set of services during the redesign transition.
 - Agreed that the Commission should have an additional meeting on October 30, at the State Capitol, for additional discussion.
- Approved the FY 2006 allowed growth recommendation for mental health as an average of the three previous years' growth (FY 2005, FY 2004, FY 2003). For FY 2003, the percentage of increase was 2.39369. For FY 2004, the percentage of increase was 2.14248. For FY 2005, the percentage of increase was 2.000. With the average of these three years, the FY 2006 growth would be 2.178723. This would equate to an increase of \$5.2 million compared to the enacted FY 2005 appropriation. The total appropriation for allowed growth from the recommendation would be \$28.9 million.
- Approved various accreditations requested by facilities.
- Received information explaining a delay in development and approval of commitment forms required to be developed by the Commission.



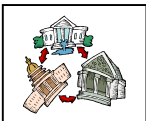
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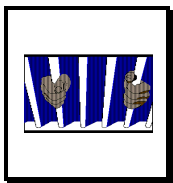
STAFF CONTACT: Sue Lerdal (Ext. 17794)

VERTICAL INFRASTRUCTURE ADVISORY COMMITTEE MEETING

Advisory Committee



Corrections



The Iowa Vertical Infrastructure Advisory Committee met October 16 and received presentations from several State agencies concerning FY 2005 infrastructure requests. Significant projects presented at the meeting include:

Department of Corrections:

- \$10.5 million for the relocation and expansion of the Davenport Residential Facility.
- \$3.9 million for the relocation and expansion of the Fort Dodge Residential Facility.
- \$11.7 million for the expansion of the Iowa Medical Classification Center located near Oakdale. These funds were previously appropriated by the General Assembly for FY 2005.

Veterans Affairs

Veterans Affairs Commission – A total of \$1.1 million for numerous improvement projects at the Veterans Home.

Administrative Services



Department of Administrative Services:

- \$17.5 million for Statewide major maintenance projects for facilities under the purview of the General Services Enterprise.
- \$19.7 million for Statewide routine maintenance.
- \$2.2 million for transition costs associated with the planned relocation of State agencies.
- \$9.7 million for continued funding of the Records and Property Building renovation and expansion. The General Assembly has appropriated a total of \$6.4 million through FY 2004 for the project.
- \$2.0 million for improvements to the West Capitol Terrace, which includes removal of Parking Lot Number 8 and replacing it with a developed area consistent with the Capitol Complex Master Plan.
- \$9.2 million for continued restoration of the Capitol Building interior.
- \$1.3 million for construction of a pedestrian bridge across Court Avenue.

Iowa Public Television



Iowa Public Television (IPTV) – \$18.0 million to continue funding for the conversion of IPTV's nine transmitters and headquarters from analog to the digital transmission standard. The IPTV is under a Federal Communication Commission mandate for the transmission conversion. The General Assembly has appropriated a total of \$21.8 million through FY 2004 for the conversion. The FY 2005 request is expected to complete funding for the project.

Human Services

Department of Human Services (DHS) – The Department is requesting a total of \$22.2 million for numerous major maintenance-related projects at DHS institutions.

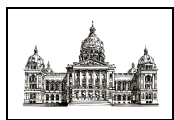
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STAFF CONTACT: David Reynolds (Ext. 16934)

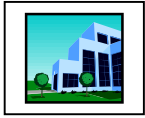
CAPITOL PLANNING COMMISSION MEETING

Planning Commission



The Capitol Planning Commission met October 15 and discussed the following:

- The General Services Enterprise of the Department of Administrative Services provided an overview of the Capitol Complex Master Plan.
- The General Services Enterprise discussed proposed capital projects and potential capital project needs along East Grand Avenue. The projects include:
 - Discussions with Mercy Medical Center concerning a potential land exchange between the State and the Medical Center for properties located north of Grand Avenue near East 12th and Des Moines Streets. The properties being considered are currently used for parking.



- Potential uses of the Jessie Parker Building, which currently houses the Vocational Rehabilitation Division. A large portion of the building is vacant. One alternative discussed was to demolish the building and develop the property for parking or Capitol Mall space consistent with the Capitol Complex Master Plan. The Commission discussed how this project would tie into the proposed property exchange with Mercy Medical Center.
- Improvements needed for the Workforce Development Building.
- An update on the Central Lutheran Church Property located at the corner of Des Moines and East 9th Street. The owners of the property have leased the facility to another nonprofit group. The owners had previously offered the property to the State at a price of approximately \$1.4 million.
- An update on the study to demolish the Wallace Building and the timetable associated with vacating the building. The Commission agreed to send a letter to the Legislative Council asking for clarification as to why the General Assembly has decided the building should be demolished rather than renovated.
- The Commission was presented with updates of future capital projects on the Capitol Complex by the General Services Enterprise and architects under contract. The projects include:
 - Continued restoration to the interior of the Capitol Building. The total cost is \$17.4 million over three fiscal years.
 - Removal of the West Capitol Terrace Parking Lot. The total cost is \$2.0 million for FY 2005.
 - Complete the funding for the renovation and addition to the Records and Properties Building. The total cost is \$9.2 million for FY 2005. The General Assembly previously appropriated a total of \$6.4 million for the project in FY 2003 and FY 2004.
 - Demolition of the Wallace Building and construction of a new State office building. The total cost is \$55.5 million over four fiscal years.
- The Commission reviewed several alternatives associated with parking along Kasson Street due to the eventual move of the Department of Public Safety from the Wallace Building to the Records and Properties Building.



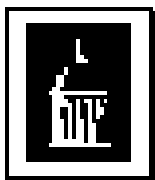
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

BOARD OF REGENTS MEETING

Regents Meeting



The Board of Regents met October 15 and 16 at the University of Iowa. Significant agenda items included:

- Annual Student Financial Aid Report – Financial aid is reported in three categories: grants, loans, and employment. During the 2002-2003 academic year, there were 176,000 student financial aid awards totaling \$608.5 million. This is an increase of 12.4% in funds and 7.2% in the number of awards compared to the previous year. The average award per student increased from \$3,300 to \$3,400. Average indebtedness for resident seniors graduating with debt was as follows:



- University of Iowa (SUI) - \$21,000. This is an increase of \$400 (2.0%) compared to the previous year.
- Iowa State University (ISU) - \$25,000. This is an increase of \$1,782 (7.8%) compared to the previous year.
- University of Northern Iowa (UNI) - \$20,000. This is an increase of \$830 (4.4%) compared to the previous year.

- Fall Enrollment Report (Part I) – The fall enrollment is reported in two parts. Part I includes general information on enrollment and trends at the Regents institutions. Part II will be presented at the November meeting and provides greater detail. The fall 2003 headcount enrollment is 71,000 students. This is a decrease of 955 students (1.3%) compared to the previous year. The full-time equivalent enrollment decreased from 64,000 in fall 2002 to 63,000 in fall 2003. This is a decrease of 445 students (0.7%). Approximately 72.0% of all students enrolled at the Regents universities are Iowa residents. On-campus enrollment at the Special Schools was 31 students at the Iowa Braille and Sight Saving School (IBSSS) and 101 students at the Iowa School for the Deaf (ISD).

- Tuition Policies and Proposed Rates – The Board considered a base tuition increase of \$360 for resident undergraduate students and \$720 for nonresident undergraduate students for fall 2004. The proposed tuition rates would be \$4,700 for residents, an 8.3% increase compared to the current year. The Board also reviewed recommendations for increases in various other tuition and fee rates. Iowa statute requires the Board to take action on tuition increases by November 30. Final action will take place at the November meeting. Additional information can be accessed at:

<http://www2.state.ia.us/regents/Meetings/DocketMemos/03Memos/oct03/octgd05s.pdf>.



- Banking Committee Report – The Committee recommended and the Board approved the following:
 - Sale and award of \$6.8 million in Regulated Materials Facility Revenue Bonds for ISU.
 - Sale and award of \$7.8 million in Academic Building Revenue Refunding Bonds for ISU.
 - Authorized the Executive Director to fix the date of sale for \$14.0 million in Utility System Revenue Bonds for ISU.
 - Authorized the Executive Director to fix the date of sale for \$14.5 million in Telecommunications Facilities Revenue Bonds for SUI.
 - Authorized issuance of up to \$1.7 million of SUI Facilities Corporation First Mortgage Notes to refinance the purchase of Units Two and Three of the Plaza Centre Building Condominiums.
- Annual Distance Education Report – The Report provided a summary of the distance education activities of the three Regents universities and the three regional study centers.
- Comprehensive Fiscal Report – The Report provided a summary of FY 2003 financial information for the Regents institutions. For FY 2003, the overall data indicated \$1.6 billion in general operating funds and \$1.2 billion in restricted funds for a total budget of \$2.8 billion.
- Annual Salary Report – Average increases for FY 2004 were as follows:

- Faculty – 2.0% at SUI; 2.5% at ISU; 3.5% at UNI; 3.9% at ISD; and 5.3% at IBSSS.
- Professional and Scientific Staff – 2.5% at SUI; 2.5% at ISU; 3.5% at UNI; 5.5% at ISD; and 6.3% at IBSSS.
- Regent Merit Staff – The bargaining agreement provided for a 2.0% across-the-board increase and step increases valued at 4.5%. The value for all increases for merit staff is as follows: 6.1% at SUI; 5.1% at ISU; 5.1% at UNI; 6.2% at ISD; and 6.2% at IBSSS.

Next Meeting

The next meeting is scheduled for November 11 and 12 at the University of Northern Iowa.

More Information

Additional information is available from the LSA upon request. Additional detail, including the text of individual agenda docket memos, can be accessed at the Board of Regents web site at:
<http://www2.state.ia.us/regents/Meetings/DocketMemos/03Memos/oct03/octoberdocket.htm>

STAFF CONTACT: Mary Shipman (Ext. 14617)

IOWA LEARNS COUNCIL HOLDS FIRST MEETING

Iowa Learns Council



The Iowa Learns Council was created by Governor Vilsack through an Executive Order signed on September 27, 2003. The Council was created as the result of a recommendation by the Iowa Education Roundtable (created by Executive Order in June 2001). The Roundtable recommended the Council consist of “a working group of key statewide educational leaders” that “meet on a regular basis as a P-16 steering committee whose purpose should extend beyond regularly communicating activities and issues of mutual interest and engage education stakeholders in discussions that enhance community development.”

Purpose

The assigned purpose of the Council, per the Executive Order, is to work toward a goal of 90.0% of Iowa children having a quality preschool experience and 90.0% of Iowa high school graduates completing at least two years of college. The Council is also charged with promoting, gathering, and sharing information regarding Iowa’s progress to ensure seamless pathways across education sectors and the workplace.

Membership



The Governor appointed 38 members to the Council representing various education stakeholders and business leaders. Members include representatives of the Board of Regents, independent colleges, community colleges, school district administrators, counselors, teachers, boards of education, area education agencies, the Department of Education, early childhood groups, and community empowerment groups.

Structure

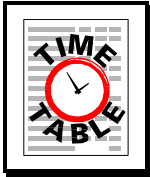
The Council consists of a Steering Committee and three subgroups as follows:

- Focus on Early Childhood.
- Focus on K-12 Students.
- Strengthening the Education-Economic Growth Connection.

First Meeting

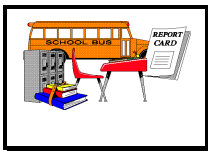
The first meeting was held October 24 at the Iowa Farm Bureau Building in West Des Moines. Governor Vilsack addressed the group and described the charge of the Council. Council members introduced themselves by giving background information and describing the challenges of the Council. The Council members received information about organization, timeline, and staff support. The Council then separated into the three assigned subgroups and each group was given background material and various data pertaining to each respective area.

Timeline



The following timeline was outlined for the Council:

- Subgroups are scheduled to meet twice between November 2003 and January 2004.
- The Steering Committee is to meet in February 2004 to review preliminary findings and initial recommendations.
- Subgroups will meet again in March/April 2004 to continue development of recommendations.
- The Steering Committee will meet in May 2004 to review a second draft of recommendations and prepare for public input.
- Public input will be received in June and July of 2004.
- Subgroups will meet in August 2004 to review input and refine recommendations.
- The entire Council will meet in September 2004 to review and finalize recommendations.
- The Executive Order requires final recommendations be submitted by September 27, 2004.



More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

COMMUNITY ACTION AGENCIES COMMISSION MEETING

Meeting



The Commission on Community Action Agencies met October 23 and discussed the following:

- Administrator's Report – Bill Brand, Division Director, Community Action Agencies, provided an overview of Division activities and the status of federal grant programs for Federal Fiscal Year 2004.
- Bureau Chief Reports – The Bureaus of Weatherization, Community Services, and Energy Assistance provided activity updates.
- Community Action Agencies' Activities Report – Mark Dickey reported on the annual conference held October 21 and 22 and the status for rulemaking changes for disconnection temperatures from 20 degrees to 32 degrees. In addition, Mr. Dickey provided an update on the Low-Income Home Energy Assistance Program (LIHEAP), new public service announcements, hiring a marketing consultant, scholarships for training new community action professionals, Capacity Development Grants, and plans for a rally relating to poverty by the Community Action Partnership in Washington, D.C., in 2005.

- Legislative Committee Report – Mike Coverdale, Commission Member, discussed potential legislative agenda items for 2004 to be supported by the Commission, including reinstatement of State funding for the Emergency Assistance Program and restoring State funding for the Family Development and Self-Sufficiency (FaDSS) Program.

Next Meeting

The next meeting is scheduled for January 27 following the Iowa Community Action Agency Legislative breakfast.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

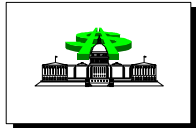
JUVENILE JUSTICE ADVISORY COUNCIL MEETING

Juvenile Justice Council



The Juvenile Justice Advisory Council met October 15 in Des Moines and discussed the following:

- Division Update – Dick Moore, Division Director, and staff from the Division of Criminal and Juvenile Justice Planning (CJJP), provided an overview of current division activities, including new grants, outcomes training, funding applications from Decategorization (DECAT) Projects, and the 2.5% across-the-board reduction ordered by the Governor.
- Budget Report – Scott Musel provided year-to-date budget and expenditure information through September 2003. In addition, Mr. Musel provided an update regarding required compliance reviews for any facilities that might hold juvenile offenders. There are no violations outside the federal guidelines noted, and a report will be sent to the Chief Juvenile Court Judges.
- Federal Update – Chairperson Carl Smith and Dave Kuker presented the Council with an update of available FY 2003 federal funds by funding source and end dates for planned funding activities.
- Disproportionate Minority Confinement (DMC) Update – Dr. Michael Lieber discussed the upcoming conference to be held on November 13 and 14 in Des Moines, and a new study on DMC he is conducting with staff.
- Mental Health Workgroup Update – Eric Sage discussed issues with increases in the number of juveniles in detentions and shelters with mental health problems. He discussed the mental health redesign and how funding issues and decisions on placements are barriers to improvements.
- Child Welfare and Juvenile Justice Redesign – Dick Moore discussed his role with the redesign workgroup. He provided an overview of the latest draft that is being reviewed by the Stakeholder Group on October 23. The Report's emphasis is on outcomes, assessments, and accountability. There are recommendations to increase face-to-face time between workers and children and to reduce the paperwork.



Next Meeting

The next meeting is scheduled for January 24, 2004.

More Information

Additional information is available from the LSA upon request, or access the CJJP web site at: <http://www.state.ia.us/dhr/cjpp>.

STAFF CONTACT: Sam Leto (Ext. 16764)

ENVIRONMENTAL PROTECTION COMMISSION HOLDS MONTHLY MEETING

Commission Meeting

The Environmental Protection Commission met on October 20 and discussed the following issues:

Computer Contract



The Commission approved a contract between the Department of Natural Resources (DNR) and American Computer Services, Inc., to provide project management and computer expertise to implement two programs that will be funded by grants from the federal Environmental Protection Agency (EPA). This includes:

- Network One Stop to assist in the development of an environmental facilities database. This will combine a number of separate environmental systems into one database. Funding will be provided by a \$500,000 EPA grant.
- Network Readiness to assist the DNR in the development of a network that allows automatic data flows to and from the federal EPA. Funding will be provided by a \$298,000 EPA grant.

Army Corps Contract

The Commission approved a Memorandum of Agreement between the DNR and the U.S. Army Corps of Engineers for continued water quality monitoring at Coralville, Red Rock, and Saylorville Reservoirs. The Agreement also involves water quality monitoring on 11 rivers in Iowa. The Agreement cost is \$52,000, with funding provided by the Environment First Fund.

Ambient Water Quality



The Commission approved a contract between the DNR and the University of Iowa Hygienic Laboratory for water quality monitoring activities. The Laboratory provides field sampling and analytical services. The contract cost is \$1.5 million, with funding provided by the Environment First Fund.

Geology

The Commission approved a contract with the U.S. Geological Survey for the measurement of stream flows, groundwater levels, and sediment concentrations. The cost of the contract is \$224,000 and funding is provided by the Environment First Fund.

Iowa State University

The Commission approved a contract between the DNR and Iowa State University (ISU) to provide for the development of the Iowa Industries for the Future Program. The Program will provide information regarding water use and wastewater treatment. The cost of the contract is not to exceed \$50,000 and funding is provided by the federal Department of Energy.

Waste Tires



Mel Pins, DNR, presented an update on the Waste Tire Management Program in Iowa. The State generates approximately 3.0 million waste tires each year. Currently, there is one company permitted by the Department to stockpile waste tires. Since the Program began in 1996, the following has been accomplished:

- There have been over 10.0 million waste tires removed from stockpiles and recycled by waste tire processors.
- There have been 96 counties receiving grant money to remove waste tires from ditches, alleys, and backyards. Over 3.5 million waste tires have been removed with this funding.

- A public education program has been successful in maintaining waste tires in proper disposal and recycling programs.
- The DNR has developed several Iowa markets that use waste tire material. In 2003, the State recycled approximately 3.4 million waste tires.

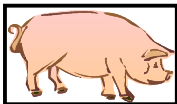
NPDES Permit

The Commission approved the final rule to amend and renew the federal National Pollutant Discharge Elimination System (NPDES) General Permit for Iowa.

Source Water Protection

The Commission approved a contract between the DNR and Environmental Systems Research Institute, Inc., to develop and deploy an interactive web site for updating source water assessments. The cost of the contract is \$300,000 and includes design application, programming, implementing, and training for DNR staff. Funding of \$49,000 is provided by a federal EPA grant and the remainder is from the State Drinking Water Revolving Fund.

Manure Applicators



The Commission approved the emergency rule making and the regular rule making for amendments to the Manure Applicator Certification Program. The emergency status was requested to ensure rules are in place by the January 2004 effective date, and the regular status was requested to allow the DNR to hold public hearings.

Iowa Select Farms

The Commission upheld the Administrative Law Judge's decision regarding an Administrative Order to Iowa Select Farms that reduced the original fine from \$10,000 to \$3,100.

Phosphorus Information

Jeremy Klatt, DNR, presented information regarding the development of a phosphorus index for manure application. This relates to the proposed rule changes that the Commission will vote on at the November meeting.

Next Meeting

The next meeting is scheduled for November 17.

More Information

Additional information is available from the LSA upon request or by accessing the DNR web site at: <http://www.iowadnr.com>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

AUDITOR REPORT – IOWA PRISON INDUSTRIES

Audit Report



The Fiscal Services Division of the Legislative Services Agency (LSA), received a report from the Auditor of State on Iowa Prison Industries (IPI), a Division of the Iowa Department of Corrections (DOC). The Report covers the period of July 1997 through December 2002.

IPI Functions

Iowa Prison Industries, a self-supporting entity, administers traditional Industries programs, a private sector inmate employment program, and the prison farms. The Report addresses the manufacturing operation and the private sector inmate employment program. Iowa Prison Industries receives no State appropriations and must generate a profit to remain in operation.

Primary Purpose



The Report states the Legislature needs to determine if IPI's primary purpose is to provide:

- Job training to inmates.

- An alternative, competitive vendor for IPI customers.
- A means to accomplish tasks that are not viable on the open market.
- A combination of all three of these purposes.

Recommendations

The Report states that IPI should implement the following recommendations before the Legislature makes significant changes to IPI's operations or environment.

Waiver Process



Section 904.808, Code of Iowa, requires State agencies to purchase products from IPI but grants certain exceptions and requires the IPI Director to issue an exception waiver. The Report recommends the Legislature should revise the process to include the following:

- Penalize State agencies that do not comply.
- Charge an administrative fee to noncompliant agencies that would be deposited into the General Fund.
- Appoint an independent party to oversee the waiver process.
- Require the Legislative and Judicial Branches to purchase items from the IPI.

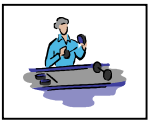
Waiver Approval

Iowa Prison Industries strongly disagrees with the State Auditor's recommendation that an independent third party be appointed to approve waivers.

Department Orders

The Auditor recommends IPI should establish procedures that allow State agencies to encumber 100.0% of unexpended appropriations at the end of a fiscal year for items that have been ordered but have not yet been delivered by June 30. Iowa Prison Industries's response is Section 8.62, Code of Iowa, found in the Department of Management's operating chapter. This language exists because of the efforts of IPI. The language has been used by some State agencies. However, orders received by June 30 must be manufactured by July 31. The Auditor concludes that IPI's response is not clear why products have to be manufactured by July 31 following the end of a fiscal year. If this is an internal policy, the Auditor's Office recommends the IPI Director discuss the 30-day delivery policy with agencies.

Product Costing



The product costing system used by IPI does not allow an accurate production cost for each item manufactured and IPI is unable to determine the profitability of product lines. Iowa Prison Industries is currently implementing a software program that will enable the determination of manufacturing costs.

Product Pricing

Iowa Prison Industries needs to improve product pricing to compete with the private sector. Iowa Prison Industries usually quotes prices for new products, while the private sector vendors provide price quotes for remanufactured products. Iowa Prison Industries should purchase and refurbish used products whenever feasible.

Customer Base

Iowa Prison Industries should expand their customer base to maintain cash flow and self-supporting status. Two suggestions included to improve relations with State purchasing agents and to establish a "rent-to-own"

program for appropriate product lines. Iowa Prison Industries does not believe a “rent-to-own” program would be financed by the Legislature.

Private Sector Program

Iowa Prison Industries is not reimbursed for the administrative costs of distributing inmate wages from the private sector. The Legislature should consider allowing IPI to retain a portion of the true costs of administering the Program. The General Fund has received approximately \$3.5 million from the Program since July 1998.

Vocational Programs



Iowa Prison Industries should evaluate the viability of the auto bodyline that consistently operates at a loss. The IPI response was to continue the auto bodyline through FY 2005 to determine if profitability can be obtained. If not, the line will close in June 2005. Iowa Prison Industries should also consider raising prices for Braille products and services to cover production costs. Iowa Prison Industries has worked with the Department for the Blind to secure federal funds in 2002 to offset operating losses in the Braille line, as raising prices would harm the people who need the products. The Auditor concludes that IPI should continue to monitor the financial viability of both programs.

Financial Reports

Iowa Prison Industries should ensure that all financial reports are accurate and reconcile the sales by customer category report to the sales by product line report. Iowa Prison Industries responded that reports are accurate.

More Information

Additional information is available from the LSA upon request. A copy of the Report can be accessed at the following web site:
<http://www.state.ia.us/government/auditor/reports>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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