

# FISCAL UPDATE

December 30, 2005

## Legislative Services Agency

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

### ANALYSIS OF DEPARTMENT BUDGET REQUESTS FOR FY 2007

#### Dept. Request Analysis

The Fiscal Services Division of the Legislative Services Agency (LSA) has recently published the budget analysis of the department requests for FY 2007. The document may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

#### Document Purpose



The purpose of the document is to provide the General Assembly with information regarding FY 2007 General Fund estimated receipts and department requests. In addition, the document includes an overview of the new budget offer and purchasing results processes.

#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Holly Lyons (Ext. 17845) Jennifer Acton (Ext. 17846)  
Mary Beth Mellick (Ext. 18223)

### DECEMBER REVENUE ESTIMATING CONFERENCE

#### REC Meeting

The Revenue Estimating Conference (REC) met December 12 and increased the FY 2006 estimated net General Fund receipts \$51.7 million and the FY 2007 estimated net General Fund receipts \$84.0 million.

#### FY 2006



The REC estimate for FY 2006 net General Fund receipts is now \$5.076 billion, an increase of \$146.8 million (3.0%) compared to actual FY 2005. Net General Fund cash revenues (excluding transfers) have increased by \$63.6 million through December 12, 2005. Revenue changes expected to negatively impact the remainder of FY 2005 include residential energy utility tax, insurance premium tax phase-down, and reduced unclaimed property transfers. The major changes compared to the October estimate include:

- A \$28.1 million increase in income tax receipts due to additional analysis of the impact of changes to income tax withholding tables. The withholding table changes were implemented in April and reduced income tax withholding revenue while decreasing tax refunds.

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- A \$12.6 million increase in sales/use tax receipts. The increased estimate recognizes extra deposits made in November.
- A \$10.4 million decrease in estimated tax refunds due to additional analysis of the impact of changes to income tax withholding tables.

<b>FY 2006 Revenue Estimating Conference Projection</b>				
Dollars in Millions				
	<b>Actual FY 2005</b>	<b>October FY 2006 Estimate</b>	<b>December FY 2006 Estimate</b>	<b>Increase (Decrease) to Estimate</b>
Income Tax	\$2,782.3	\$2,783.8	\$2,811.9	\$28.1
Sales/Use Tax	1,812.3	1,860.1	1,872.7	12.6
Corporate Tax	280.9	311.4	311.4	0.0
Insurance Tax	130.9	128.3	128.3	0.0
Other Taxes	224.5	219.6	219.6	0.0
<b>Total Taxes</b>	<b>\$5,230.9</b>	<b>\$5,303.2</b>	<b>\$5,343.9</b>	<b>\$40.7</b>
Other Receipts	338.0	305.8	306.4	0.6
<b>Total Taxes &amp; Other Receipts</b>	<b>5,568.9</b>	<b>5,609.0</b>	<b>5,650.3</b>	<b>41.3</b>
Transfers	88.4	62.1	62.1	0.0
Accruals (Net)	-31.4	13.0	13.0	0.0
Refunds	-696.9	-660.0	-649.6	10.4
<b>Net General Fund Receipts</b>	<b>\$4,929.0</b>	<b>\$5,024.1</b>	<b>\$5,075.8</b>	<b>\$51.7</b>

**FY 2007**



The REC estimate for FY 2007 General Fund net receipts is now \$5.315 billion, an increase of \$238.9 million (3.0%) compared to the new REC estimate for FY 2006. The revised estimate is \$84.0 million higher than the October REC projection. The major changes compared to the October estimate include:

- A \$15.5 million increase in projected gross personal income tax receipts due to additional analysis of the impact of changes to income tax withholding tables.
- A \$20.5 million increase in gross sales/use tax receipts. The increase is due to stronger projected economic growth.
- A \$9.3 million decrease in projected corporate tax receipts related to reduced corporate profitability projections.
- A \$56.0 million decrease in income tax refunds due to additional analysis of the impact of changes to income tax withholding tables.



### FY 2007 Revenue Estimating Conference Projection

Dollars in Millions

	Estimate FY 2006	October FY 2007 Estimate	December FY 2007 Estimate	Increase (Decrease) to Estimate
Income Tax	\$2,811.9	\$2,898.4	\$2,913.9	\$15.5
Sales/Use Tax	1,872.7	1,914.5	1,935.0	20.5
Corporate Tax	311.4	328.5	319.2	-9.3
Insurance Tax	128.3	126.4	126.4	0.0
Other Taxes	219.6	221.0	221.0	0.0
Total Taxes	\$5,343.9	\$5,488.8	\$5,515.5	\$26.7
Other Receipts	306.4	305.8	307.1	1.3
Total Taxes & Other Receipts	5,650.3	5,794.6	5,822.6	28.0
Transfers	62.1	63.8	63.8	0.0
Accruals (Net)	13.0	9.5	9.5	0.0
Refunds	-649.6	-637.2	-581.2	56.0
Net General Fund Receipts	\$5,075.8	\$5,230.7	\$5,314.7	\$84.0

### Summary Table

The following table provides a summary of the past two fiscal years and the two present REC estimates. A more detailed spreadsheet of the FY 2006 and FY 2007 estimates may be accessed on the LSA web site at:

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



### Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2004	Actual FY 2005	Estimated FY 2006	Estimated FY 2007
Income Tax	\$2,592.3	\$2,782.3	\$2,811.9	\$2,913.9
Sales/Use Tax	1,732.4	1,812.3	1,872.7	1,935.0
Corporate Tax	234.8	280.9	311.4	319.2
Insurance Tax	138.2	130.9	128.3	126.4
Other Taxes	228.3	224.5	219.6	221.0
Total Taxes	\$4,926.0	\$5,230.9	\$5,343.9	\$5,515.5
Other Receipts	332.0	338.0	306.4	307.1
Total Taxes & Other Receipts	5,258.0	5,568.9	5,650.3	5,822.6
Transfers	57.5	88.4	62.1	63.8
Accruals (Net)	83.0	-31.4	13.0	9.5
Refunds	-715.0	-696.9	-649.6	-581.2
Net General Fund Receipts	\$4,683.5	\$4,929.0	\$5,075.8	\$5,314.7
Year-over-year Incr./Decr.	\$199.7	\$245.5	\$146.8	\$238.9

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

**LEARNING TECHNOLOGY COMMISSION – GRANT APPLICATIONS RECEIVED**

**Grant Applications**



The Iowa Learning Technology Commission has received a total of 66 applications for grants, requesting a total of \$5.0 million. The deadline for applications was December 15. The applications are categorized by enrollment size as follows:

- 14 from school districts or consortia of districts in the 0-600 category.
- 28 from the 601-1,500 category.
- 17 from the 1,501-9,000 category.
- 7 from the 9,000+ category.

**Grant Process**



The General Assembly appropriated \$500,000 from the General Fund in FY 2006 to the Department of Education for the Commission. The Commission will award \$450,000 in no less than five grants, with a minimum award of \$20,000. The grants require a minimum local match of 25.0% that may consist of public or private, federal, state, or local funds.

One grant will be awarded to school districts or consortia of districts in each of the four enrollment-size categories. One or more grants will be awarded to the highest scores among the remaining applications, regardless of enrollment size.

**Next Steps**

The Department of Education has assigned 30 people to nine teams of readers to review the applications and make recommendations to the Commission, based on established criteria. The Commission will meet in late January or early February 2006 to review all applications, as well as the Department's recommendations, and award funding.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

**STATE APPEAL BOARD CLAIMS FOR INDIGENT DEFENSE**

**Appeal Board**

The LSA was recently notified that approximately \$118,000 in Indigent Defense claims were paid by the State Appeal Board for October, November, and December 2005. Indigent Defense provides legal counsel to indigent defendants in criminal court proceedings. Payments were made to private attorneys, court reporters, investigators, interpreters, expert witnesses, psychiatrists, and psychologists.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

## **IOWA PRISON POPULATION FORECAST**

### **Prison Forecast**

The Criminal and Juvenile Justice Planning Division (CJJPD), Department of Human Rights, recently published the report, "Iowa Prison Population Forecast: FY 2005 - FY 2015." If current offender behaviors and justice system trends, policies, and practices remain unchanged, the prison population is estimated to be 10,329 inmates by June 30, 2015, an increase of approximately 18.0% over the next 10 years.



The female inmate population is expected to increase from 754 inmates on June 30, 2005, to 1,054 on June 30, 2015, an increase of 39.8% over the next 10 years. The female prison population is expected to exceed design capacity by approximately 83.9% by June 30, 2015. The male prison population is projected to be 9,275 by mid-year 2015, an increase of 19.0% over the next 10 years. The male population is expected to exceed design capacity by 35.6% by mid-year 2015.

### **FY 2006**

Over the short term, Iowa's inmate population is expected to exceed capacity by 23.2% by the end of FY 2006. Women's facilities are expected to be overcrowded by 36.8%, while men's facilities are expected to be overcrowded by 22.2% by June 2006.

### **Prison Capacity**

The prison population forecast creates capacity issues. Assuming current offender behaviors and justice system trends, policies, and practices remain unchanged for the next 10 years, the prison system will be operating at 139.4% of design capacity.



According to the Department of Corrections (DOC), for every 1,000 increase in inmate population, a new 800-bed prison will need to be constructed. This assumes each prison will operate at 125.0% of design capacity. If the prison population reaches 10,329 inmates, three new 800-bed prisons will need to be built at a construction cost of \$50.0 million each. Each prison will incur ongoing annual operating costs of approximately \$28.0 million. If three new prisons are constructed and the population reaches 10,329 inmates, the prison system will be operating at 105.3% of design capacity.

### **Slower Growth**

Last year, the CJJPD projected 10,582 inmates by the end of FY 2014. The population for June 2014 is now projected to be 10,108, a decrease of 474 inmates (4.5%). This slower than expected growth is due to a decrease in prison admissions and felony filings, sentencing changes, and an increase in paroles.

- Prison Admissions – Generally, all types of prison admissions have increased during the last 10 years; however, new prison admissions decreased in FY 2004 and FY 2005 due to a decline in prison admissions of offenders not sentenced for drug crimes. Also, felony filings at the district court level are down.
- Sentencing Changes – The Violent Crime Initiative, effective in FY 1997, abolished parole and most of the earned time for certain crimes and required at least 85.0% of the maximum term to be served. These crimes include robbery, second-degree murder, sexual abuse, kidnapping, attempted murder, and certain types of vehicular homicides. The General Assembly reduced the maximum term to be served from 85.0% to 70.0% in FY 2004 and FY 2005. The long-range forecast of the inmate population is reduced by this sentencing change. Class C felons will be eligible for parole or work release more quickly. Class B felons will be eligible for parole consideration starting in FY 2015.



- Increase in Paroles – There were 2,305 parole releases from prison in FY 2005, an increase of 252 parolees (12.3%).

**Prison Factors**



Factors affecting the increase in the prison population include the following:

- Increase in inmate average length of stay.
- Increase in prison admissions, especially for drug offenders.
- Increase in Community-Based Corrections (CBC) offender populations.
- Housing of federal prisoners and detainees.
- The long-term effect of restricting or abolishing parole for certain crimes.
- The impact of statutory changes related to sex offenders.

**Prison Alternatives**



The Report provides a summary of initiatives that may reduce the projected prison population by providing alternatives:

- Sentencing changes or fewer direct court commitments to prison.
- Improved communication between the DOC and the Board of Parole. The Board's expectations for offender treatment need to be communicated early in an offender's sentence so the DOC may provide those treatment services before the offender is eligible for parole.
- Examine Iowa's sentencing policies and practices for drug offenses. For the first time, drug offenses accounted for more admissions to Iowa prisons than any other offense in FY 2004 and FY 2005. There is a possibility that offenders in prison may receive substance abuse treatment safely in a CBC setting. Drug courts may divert some offenders from prison.
- Implement intermediate criminal sanctions plans. Chapter 901B, Code of Iowa, requires each CBC District Department to adopt a plan "designed to reduce probation revocations to prison through the use of incremental, community-based sanctions for probation violations."

**More Information**

Copies of the Report and additional information are available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

**DEPARTMENT OF PUBLIC SAFETY REQUEST TO ADD A NEW FTE POSITION**

**Amend Agreement**



The Department of Public Safety (DPS), Division of Criminal Investigation (DCI), is requesting to amend the Memorandum of Understanding between the DCI and the Department of Inspection and Appeals to add a Word Processor 3 position to support amusement devices enforcement. The funding for the position would be paid from licensure fees for amusement devices.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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## FY 2005 LEGISLATIVE INTENT LANGUAGE

### Sections Identified



The Fiscal Services Division of the LSA identified 316 sections of legislative intent language in FY 2005 Appropriations Acts. The sections are categorized as follows:

- Compliance – The Department performed as required by the intent language.
- Non-Compliance – The Department did not perform the intent language as required.
- In Progress – The Department is in the process of performing the intent language required but had not fulfilled the requirement by the end of FY 2005.
- Other – The Department has not complied because the Governor vetoed the language, or the Department was unable to comply due to unusual circumstances.

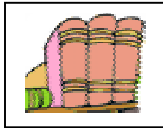
### Compliance with Sections

Departments complied with 306 sections; two sections are “In Progress,” while the Departments attempt to comply; and eight are listed under the “Other” category. In regard to legislative intent language for which for the Departments of Public Health, Public Defense, and Human Services did not entirely comply or could not comply, separate analyses are included in the *Fiscal Update* published on November 28.

### Department Listing

The table below lists the number of legislative intent language (LIL) sections by Department.

<u>Department/Agency</u>	<u>Compliant</u>	<u>Non-Compliant</u>	<u>Progress</u>	<u>Other</u>	<u>Total LIL Sections</u>
Administrative Services	7				7
Agriculture & Land Stewardship	16				16
Auditor of State	1				1
Board of Regents	12			5	17
Child Advocacy Board	3				3
Civil Rights	1				1
College Student Aid Commission	1				1
Commerce	3				3
Corrections	15				15
Cultural Affairs	3				3
Economic Development	16				16
Education	18				18
Elder Affairs	8				8
Employment Appeals Board	1				1
Human Rights	20				20
Human Services	84		1	1	86
IA Law Enforcement Academy	2				2
Judicial Branch	6				6
Justice	1				1
Management	1		1		2
Natural Resources	3				3
Office of Drug Control Policy	1				1
Public Defense	1				1
Public Health	57			2	59
Public Safety	5				5
Racing and Gaming	1				1
Regents Economic Development	4				4
Revenue	2				2
Secretary of State	1				1
Transportation	1				1
Treasurer of State	1				1
Veterans Affairs	3				3
Workforce Development	7				7
<b>Totals</b>	<b>306</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>316</b>



**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**LEGISLATIVE FISCAL COMMITTEE MEETING**

**Committee Meeting**

The Legislative Fiscal Committee met on December 19.

**REC Projections**

Jeff Robinson, LSA, reviewed the December 12 projections of the Revenue Estimating Conference (REC). The REC established the FY 2006 revenue estimate at \$5.076 billion, which represents growth of 3.0% over FY 2005. The REC estimate for FY 2007 is \$5.315 billion, a 4.7% increase compared to the FY 2006 estimate.

**General Funds**



Current estimates project an ending balance of \$103.2 million for FY 2006. This assumes a supplemental appropriation of \$46.5 million will be provided for Medicaid. Under current law, a portion of the FY 2006 ending balance (\$50.8 million) will be appropriated to the Senior Living Fund, and the remaining \$52.4 million will be appropriated to the Cash Reserve Fund.

Using the current revenue and expenditure projections, there is an estimated shortfall of \$239.8 million for FY 2007. The General Assembly will need to address the shortfall by either increasing revenues and/or decreasing appropriations.



**Other Funds**

The Committee also received updates on the status of the following non-General Fund sources:

- Rebuild Iowa Infrastructure Fund
- Environment First Fund
- Restricted Capital Fund
- Vertical Infrastructure Fund
- Endowment for Iowa's Health Account
- Healthy Iowans Tobacco Trust
- Endowment for Iowa's Health Restricted Capital Fund

**FY 2007 Expend. Increases**

The LSA currently estimates \$562.8 million in total appropriation increases for FY 2007. Of this, 80.0% (\$450.7 million) is associated with increases for the Homestead Tax Credit, Medicaid, K-12 School Foundation Aid, and State employee salaries.

**Medicaid and *hawk-i***



Kerri Johannsen, LSA, reviewed current estimates for Medicaid. For FY 2006, it is estimated the Program will require a supplemental appropriation of \$39.0 to \$54.0 million. The point estimate used by the LSA for budgeting purposes is \$46.5 million. The total State cost for Medicaid for FY 2007 is estimated to increase \$100.0 to \$140.0 million over the FY 2006 level of \$704.4 million.

Expenditures for the Healthy and Well Kids in Iowa (*hawk-i*) Program have been below projections for the first four months of FY 2006.

**FY 2007 Dept. Requests**

The LSA distributed printed summaries of the department requests for FY 2007. The departments have requested a total \$5.471 billion from the General Fund, an increase of \$532.9 million (10.8%) compared to FY 2006 (excluding supplemental appropriations). The LSA's budget analysis document is available on the web site at: <http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

**Tobacco Bond Refunds**

The State Treasurer provided an update regarding the refunding of tobacco bonds by the Tobacco Settlement Authority. The refunding generated \$150.7 million in net proceeds that will be available to the General Assembly for appropriation. Of the total net proceeds, \$50.2 million are taxable bond proceeds and \$100.5 million are tax-exempt bond proceeds.

**Energy Center**

The Director of the Iowa Energy Center at Iowa State University presented information on the programs operated through the Center.

**Fuel Costs**



A representative of the Iowa Utilities Board presented information on natural gas prices, supply and demand of natural gas, and energy conservation programs operated through investor-owned and private utilities.

The Division of Community Action Agencies, Department of Human Rights, provided information on the Low-Income Home Energy Assistance Program (LIHEAP) and the impact of increased fuel costs on low-income persons enrolled in the Program.

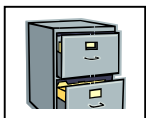
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- FY 2006 Transfer** Doug Wulf, LSA, provided information on an appropriation transfer of \$20,000 from the Latino Affairs Division to the Division of the Status of African Americans, Department of Human Rights.
- ISU Laptop Lease Purchase** Information on a proposed lease purchase by Iowa State University of \$590,000 for the acquisition of laptop computers for the College of Design was provided. The debt service on the lease will be paid from student fees.
- Sex Offender Monitoring** Beth Lenstra, LSA, presented an *Issue Review* on Electronic Monitoring of Sex Offenders, which provides an overview of the monitoring system used by the Community-Based Corrections Departments, as well as alternatives for cost containment and the impact on the State's budget.
- School Property Tax** Dwayne Ferguson, LSA presented an *Issue Review* on School Property Tax, which provides a review of the property taxes used to fund elementary and secondary education and the effect of the foundation level on school property taxes.
- More Information** The next meeting is expected following adjournment of the 2006 Legislative Session. Additional information is available upon request. Handouts distributed at the meeting can be found on the LSA web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/fiscal\\_comm/docs\\_handouts](http://staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/docs_handouts).

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## **GOVERNMENT OVERSIGHT COMMITTEE MEETING**

- December Meeting** The Government Oversight Committee met on December 14-15.
- Deferred Compensation** Director Mollie Anderson, Department of Administrative Services (DAS), and Ed Holland, Human Resource Enterprise, DAS, provided an overview of the State Deferred Compensation Program. An estimated 55.0% of all eligible State employees are currently active in the Program. Representatives from the four providers that have contracted with the State to provide the investment options were also at the meeting to answer questions regarding the return on investment, risks, costs, and fees charged.
- Preservation of Records** Vaughn Halyard, Chief Executive Officer, and Chad Rosenbohn, Owner and Chief Technical Officer, Image Fusion, presented information on the preservation, storage, and retrieval of business records, as well as the current technologies available to maintain State government records and allow for easier and faster retrieval of these records.
- Model Procurement Code** Prior to the meeting, the Committee received position papers from several interested parties regarding the adoption of the 2000 Model Procurement Code (MPC), drafted by the American Bar Association, for purposes of standardizing State government contract processes. Representative Alons requested the information from the Attorney General's Office, the Regents Institutions, the DAS, city and county associations, and other State departments. Representative Alons also provided a draft of bill language reflecting the MPC and asked for feedback from the Committee and those in attendance at the meeting.



**HAVA Update**

Charles Krogmeier, Secretary of State's Office, provided an update on the implementation of the Help American Voters Act (HAVA). The Committee asked questions regarding the federal timeframes, the availability of funding, and concerns from local government officials. The Committee also received testimony from Michael Mauro, Polk County Auditor, and Ken Kline, Cerro Gordo County Auditor, who expressed concerns about the federal timeframes, the soundness of the new system all States are expected to provide, and the amount of time and costs associated with implementing and maintaining the new system.

**Inmate Labor**

The Committee questioned the Departments of Corrections (DOC) and Human Services (DHS) regarding the use of inmate labor through work release programs from various DOC institutions at DHS facilities. The Committee expressed concerns about inmate behaviors and the safety of residents and staff. The DOC assured the Committee that improvements continue to be made in the programs, including better training of staff that supervise and monitor the inmates. Director Gary Maynard, DOC, James McKinney, Warden, North Central Correctional Facility, Rockwell City, and Michael Davis, Superintendent, Woodward Resource Center, also provided testimony.

The DOC also provided information regarding the recent escape by two inmates at the Fort Madison Penitentiary.

**Homeland Security**

David Miller, Iowa Homeland Security & Emergency Management Division, Department of Public Defense, provided an update regarding the readiness of Iowa to deal with catastrophic situations and the preparedness of local governments and organizations to meet these situations. Additional information was provided by General Ron Dardis, Governor's Homeland Security Advisor, and staff from the Department of Public Safety.

**More Information**

Additional information is available from the LSA upon request or by accessing the web site at:  
[http://www4.legis.state.ia.us/scripts/lisa/docmgr/docmgr\\_comdocs.dll/showtypeFC?id=true&type=ih&fy=2005&com=41](http://www4.legis.state.ia.us/scripts/lisa/docmgr/docmgr_comdocs.dll/showtypeFC?id=true&type=ih&fy=2005&com=41)

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 Richard Nelson (Ext. 25822)

**NATURAL RESOURCE COMMISSION MEETING****Commission Meeting**

The Natural Resource Commission met December 8 in Des Moines.

**Land Acquisition**

The following land acquisitions were approved:

- A purchase of a permanent easement adjacent to the Barringer Slough in Clay County for \$6,000. Funding is from the Fish and Wildlife Trust Fund.
- A purchase of 32 acres adjacent to the Ryan Lake Wildlife Management Area in Emmet County for the appraised value of \$48,000. Federal funding will be used for the land purchase.
- A purchase of five acres adjacent to the Wapsipinicon River in Buchanan County for \$4,000. Funding is from the Resource Enhancement and Protection (REAP) Fund and the Protected Water Area funding.

- A purchase of a temporary easement adjacent to Diamond Lake in Dickinson County for \$25,000. Funding is from the Lake Restoration Fund.

**Administrative Rules**

The Commission approved a Notice of Intended Action that would establish a “no-wake” zone at Mud Lake, located in Dubuque County, and would establish a sunset to sunrise speed limit for vessels operating on certain lakes in Dickinson County.

**Agreements Approved**



The Commission approved the following agreements:

- A management agreement between the Department of Natural Resources (DNR) and the federal Fish and Wildlife Service. The Fish and Wildlife Service will manage the State-owned land at Pine Creek.
- A cooperative agreement between the DNR and Ducks Unlimited to provide cost-share funding to the Prairie Habitat Joint Venture in Saskatchewan, Canada.
- A cooperative agreement between the DNR and the Friends of Mines of Spain for the expansion of the Lyons Interpretive Nature Center. The Friends of Mines of Spain will raise funding, and the DNR is responsible for contract bidding, construction inspection, septic system upgrades, and other project enhancements.

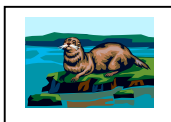
**Timber Sales**



John Walkowiak, DNR, discussed the procedures used by the Department for a timber harvest that include:

- Potential sites are identified one to two years in advance.
- All pertinent site information is forwarded to the State Ecologist, State Zoologist, and the State Botanist.
- Site visits are conducted in the spring and summer to inspect species and habitats and to perform environmental assessments.
- The Department will begin posting potential timber harvest sites on its web site to provide more information to the public.

**Otter/Bobcat Discussion**



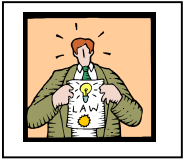
Ron Andrews, DNR, provided an overview on the populations of river otters and bobcats in Iowa. The Department will be issuing a Notice of Intended Action in March that would create a trapping season for both species. The following was also discussed:

- The river otter was reintroduced into Iowa in 1985, and the current population is estimated at 5,000 to 8,000.
- The bobcat has been sighted in 80 Iowa counties, and it is estimated that the population has a 7.0% annual growth rate.
- Prior to creating a trapping season for either animal, the Department would complete a harvest management plan, a habitat inventory, and a population survey for both species.

**Department Legislation**

Diane Ford-Shivers, DNR, provided a brief overview of legislation that will be introduced by the Department, including:

- Increase the number of nonresident hunting licenses from 6,000 to 12,000.
- Increase the penalties for the illegal taking of bobcats and some sport fish.



- Improve regulations for the commercial harvest of fish, mussel, and turtles.
- Require children under age 13 to wear personal flotation devices on boats.
- Increase the bonding authority dollar amount for Honey Creek Destination Park.
- Establish an electronic registration system for all-terrain vehicles.

### More Information

The Commission will host a legislative breakfast on January 18, 2006, and the next meeting is scheduled for February 9, 2006, in Des Moines. Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

## GENETICALLY MODIFIED ORGANISMS INTERIM STUDY COMMITTEE MEETING

### GMO Study



The second meeting of the Genetically Modified Organisms (GMO) Interim Study Committee was held December 13 in Des Moines. The charge of the Committee is to review issues regarding the use of GMOs in agricultural production.

### GMO Definition

A GMO is a modification of the genetic characteristics of a microorganism, whether plant or animal, that is completed by inserting a modified gene or a gene from another variety or species.

### Speakers

The following presentations were made to the Committee:

- Drew Kershen, University of Oklahoma, discussed the legal issues related to the coexistence of genetically-modified crops and organic crops.
- Mark Westgate, Iowa State University, explained that information is still being collected related to genetically-modified crops and that regulation should be delayed until all information is gathered.
- Greg Lamka, Pioneer Hi-Bred, discussed the separation requirements and recommendations for genetically-modified crops.



### Producer Panel

Three Iowa farmers gave brief presentations regarding various types of crop production, including:

- Jim Peterson, a producer of transgenic, organic, and conventional crops.
- Bill Horan, a producer of transgenic, pharmaceutical, and conventional crops.
- Franco Owens, a producer of transgenic and conventional crops.

### More Information

Additional information is available from the LSA upon request or by accessing the web site at:  
<http://www4.legis.state.ia.us/asp/Internet/Committees/Committee.aspx?id=71>.

STAFF CONTACT: Doug Adkisson (Ext. 13884) Kathy Hanlon (Ext. 13847)  
Debra Kozel (Ext. 16767)

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## **WATERSHED IMPROVEMENT REVIEW BOARD MEETING**

### **Watershed Meeting**



The Watershed Improvement Review Board met December 19 in Des Moines. Senator David Johnson was in attendance. Jolee Belzung, Board Vice Chairperson, called the meeting to order and conducted the following business:

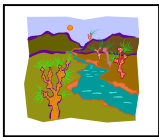
### **Grant Funding**

In House File 882 (Standing Appropriations Act), the General Assembly appropriated \$5.0 million from the Underground Storage Tank (UST) Fund to the Watershed Improvement Fund for FY 2006. Of that amount, \$50,000 was transferred to the Department of Agriculture and Land Stewardship for administrative costs, and the remaining funds were designated for awarding grants.

### **Grants Approved**

The Board received 46 grant applications requesting \$12.7 million. The Board approved 17 grant applications with total funding of \$4.7 million. The following is a list of the grants awarded:

- Clear Lake Watershed – \$150,000.
- The Lake at Storm Lake Watershed – \$477,000.
- Storm Lake Watershed – \$23,000.
- Clear Creek Watershed – \$500,000.
- Yellow River Watershed – \$229,000.
- Little Pony Creek – \$216,000.
- Rathbun Lake Watershed – \$500,000.
- Manteno Lake – \$56,000.
- Humboldt and Webster County Joint District Number 1 – \$500,000.
- Viking Lake Watershed – \$59,000.
- Farmers Creek – \$29,000.
- Hewitt Creek Watershed – \$159,000.
- Dickinson County Urban Watershed – \$487,000.
- Elk River – \$292,000.
- Muchakinock Creek – \$500,000.
- Dry Run Creek – \$500,000.
- Upper Miller Creek – \$69,000.



### **Administrative Rules**

A teleconference will be held on January 24 to approve the Final Notice of the Watershed Improvement Review Board Administrative Rules.

**More Information**

The next Board meeting will be held on March 13. Additional information is available from the LSA upon request. For more information on the Watershed Improvement Review Board, refer to the following web site: <http://www.agriculture.state.ia.us/IWIRB.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**DECEMBER BOARD OF REGENTS MEETING****Board Meeting**

The Board of Regents met December 6 at the University of Northern Iowa (UNI) in Cedar Falls.

**Tuition & Fees Decision**

The Board gave final approval to increases in tuition and fees as proposed at the November meeting. The increases range between 4.0% and 4.5% and are summarized in the table below.



<b>Undergraduate Annual Tuition Rates Approved for Fall 2006</b>						
	Resident			Nonresident		
	Tuition	Dollar Increase	Percent Increase	Tuition	Dollar Increase	Percent Increase
SUI	\$5,110	\$ 220	4.5%	\$17,334	\$1,058	6.5%
ISU	\$5,086	\$ 220	4.0%	\$15,580	\$600	4.0%
UNI	\$5,086	\$ 196	4.0%	\$13,002	\$500	4.0%

The increase in tuition rates is expected to generate additional revenues of \$18.7 million during FY 2007. Of this, the Regents propose setting aside \$4.4 million for student financial aid, resulting in a net increase of \$14.3 million.

**UNI President Search**

The Board ratified Korn/Ferry International as the executive search firm for the president search at UNI. The Board also established a Search Committee for the UNI president that includes Board President Gartner; student Regent Jenny Rokes; Regent Teresa Wahlert; Regent Tom Bedell; Ira Simet, Associate Professor of Chemistry – representing UNI faculty; Joe Murphy, President of UNI student body; Julian Wallace, Dean of the College of Social and Behavioral Sciences; Jessica Moon, Director of the UNI Honors Program – representing professional and scientific staff; Mary-Sue Bartlett, secretary in the College of Education – representing supervisory/confidential merit staff; Susan Baker, drafter in Facilities Planning – representing union employees; Joy Corning, alumna and President of the UNI Foundation; Steve Dust, President, Cedar Valley Alliance; and Executive Director Gary Steinke.

**Executive Director**

The Board appointed Gary Steinke as Executive Director of the Board at an annual salary of \$135,000 retroactive to August 5, 2005. Mr. Steinke has served as Acting Executive Director since the resignation of Greg Nichols.

**IBSSS Superintendent**

The Board appointed Jeanne Prickett as the Interim Administrator at the Iowa Braille and Sight Saving School. Ms. Prickett also serves as the Superintendent of the Iowa School for the Deaf. She replaces Jeananne Hagen-Schild, whose temporary appointment will expire on December 31, 2005. Ms. Prickett will serve until a permanent replacement is appointed. The Board also appointed Mike Hooley as Interim Manager of the School to serve on a month-to-month basis beginning January 1, 2006.

**Gilchrist Hall Fire**

The Board gave approval for UNI to proceed with project planning to repair fire damage to Gilchrist Hall that occurred October 16, 2005. The Board also approved seeking an appropriation of \$2.0 million to pay the insurance deductible for the fire damage.

**More Information**

The next meeting is scheduled for February 1-2, 2006, at Iowa State University in Ames. Additional information, including the full text of agenda items, may be accessed on the Board's web site at:  
<http://www2.state.ia.us/regents/Meetings/DocketMemos/05Memos/dec05/dec05agendaitems.htm>.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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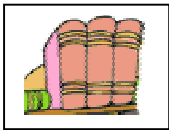
**DECEMBER COUNCIL ON HUMAN SERVICES MEETING**

**Council Meeting**

The Council on Human Services met via teleconference on December 14.

**Admin. Rules**

The Council adopted the following Administrative Rules:



- Social Security Income (SSI) cost-of-living increase for State Supplementary Assistance. The estimated cost is \$135,000 for FY 2006, which is for half the fiscal year, and an additional \$142,000 for FY 2007. The FY 2006 funds were included in HF 825 (FY 2006 Health and Human Services Appropriations Act).
- Medicaid eligibility based upon an increase in the maximum resource attribution and minimum income amounts. The estimated cost is less than \$100,000 per year.
- IowaCare Medicaid implementation adjustments.

**Noticed Rules**

The Council approved the following Administrative Rules for adoption at a future meeting:

- Allows for self-declaration of pregnancy instead of requiring written verification from a health provider. Minor savings are expected due to improved outcomes with earlier access to prenatal care.

**Members' Discussion**

Council members' discussion included:



- An agreement to send a letter to the Co-Chairpersons of the Senate and House Standing Human Resource Committees regarding concerns about the implementation of statutory changes enacted by the 2005 Legislature that permit breastfeeding of a child, when possible, after an infant has been removed from the home.
- Concerns regarding the requirement that women between 200.0% and 300.0% of the Federal Poverty Level and eligible for obstetrical care under the IowaCare Program be served at the University of Iowa Hospitals and Clinics in lieu of local community hospitals.
- Concerns regarding the disenrollment of individuals from the IowaCare Program when those eligible do not return the form requiring acknowledgement of financial hardship in lieu of premium payment.
- Concern regarding a recent situation of a removal of a child from a certain home environment.
- Requested a future update of the federal Family Planning Waiver status.



**Director's Report**

Director Kevin Concannon provided the following information:

- Federal budget update – there are continued concerns regarding the reduction of administrative funds for Child Support Enforcement, federal redistribution of needed Healthy and Well Kids in Iowa (*hawk-i*) funds, changes in the number of years of asset transfer to be eligible for Medicaid, and additional hours of work requirements to be eligible for assistance without additional federal funds for child care subsidy.
- The new Legislative Liaison, Alisa Morris, will be starting in mid-December.
- A decrease in the number of expected Iowans eligible for the federal Medicare Part D Prescription Drug Program low-income subsidy. It is now expected that the number will be less than 10,000 in Iowa and less than 1.0 million on a national basis.
- Federal change permitting the billing for prescription drugs within a transitional period after the initiation of the federal Medicare Part D Prescription Drug Program begins on January 1, 2006, which will ease the transition of Iowa's dual-eligibles on both Medicare and Medicaid.



**More Information**

The next meeting is scheduled for January 11, 2006. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Lisa Burk (Ext. 17942)  
Kerri Johannsen (Ext. 14611)

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**COMMISSION FOR THE DEPARTMENT OF ELDER AFFAIRS  
MEETING**

**Commission Meeting**

The Commission for the Department of Elder Affairs (DEA) met on December 1.

**Director's Report**

Director Mark Haverland provided the following information:

- The Department will celebrate its 40<sup>th</sup> anniversary in 2006 with an open house on February 9, 2006, in their new office location in the Parker Building north of the Capitol.
- A review of the upcoming White House Conference on Aging.
- He explained the status of matching State Case Management funds with federal Medicaid funding. He reported that the Department's FY 2007 budget request increase for Case Management does not consider the federal funding match.



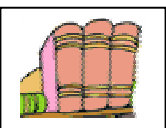
**Legislative Update**

Joel Wulf, DEA, indicated that the Department did not file any legislation for consideration by the 2006 Legislature, but will focus on increased State funds for Case Management.

**Admin. Rules**

The Commission approved an Administrative Rule implementing the changes to the Case Management Program as a result of matching State funds with federal funds. It was explained that the changes replace the process started in 1990 and implement practices that are currently in place. Items discussed included:

- Eligibility for existing Case Managers to be Case Managers within the new Program, although educational requirements are less than those for Case Managers utilized in other programs.



- The additional level of internal DEA review for proposed eligibility and services prior to approval by the Iowa Foundation for Medical Care that does not exist for case management in other programs, nor in the current process.
- The minimum of one service needed by an eligible person to also be eligible for case management.
- Input by the Department of Human Services regarding the federal requirements within the Medicaid State Plan Amendment, which need to be included within the proposed Administrative Rules.

**Other Updates**

Updates were provided on the Aging and Disability Resource Connection and the annual Aging Programs and Unmet Needs Reports.

**More Information**

The next meeting is scheduled for February 10, 2006. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942) Sue Lerdal (Ext. 17794)

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**ISSUE REVIEW – IOWA COLLEGE SAVINGS PLANS**

**Issue Review**

The Fiscal Services Division of the LSA recently published an *Issue Review* on Iowa College Savings Plans.

**Summary**



The *Issue Review* provides an overview of college savings plans and information about the College Savings Iowa Plan that is part of the Iowa Educational Savings Plan Trust administered by the State Treasurer. Since June 30, 2005, contributions to the College Savings Iowa Plan have exceeded \$1.1 billion with approximately 108,000 individual accounts.

**Copies Available**

Copies of the *Issue Review* may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

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**ISSUE REVIEW – SCHOOL PROPERTY TAXES**

**Issue Review**

The Fiscal Services Division of the LSA recently published an *Issue Review* on school property taxes.

**Summary**



The *Issue Review* provides a review of the property taxes used to fund elementary and secondary schools and the effect of the foundation level on school property taxes. Only the Additional Levy is reduced by raising the foundation level, and increasing the foundation level to 100.0% would shift \$370.0 million in Additional Levy revenues to State Foundation Aid, which is paid from the General Fund.

At a 100.0% Foundation level, the Additional Levy would still be needed and would supply 4.0% of the schools' general operations budget instead of the current 16.7%. The other eight school property taxes are not affected by changes in the Foundation level and will generate \$1,015.0 million in property taxes for Iowa schools in FY 2006.

**Copies Available**

Copies of the *Issue Review* may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**ISSUE REVIEW – ELECTRONIC MONITORING OF SEX OFFENDERS**
**Issue Review**

The Fiscal Services Division of the LSA recently released an *Issue Review* that provides an overview of the electronic monitoring system used by the Community-Based Corrections (CBC) District Departments, alternatives for cost containment, and the impact on the State's budget.

**Background Information**

Electronic monitoring of offenders in Iowa has been used primarily for enforcement of a curfew (home confinement), as an intermediate sanction for those offenders who failed to comply with the terms of a probation or parole agreement, or to monitor an offender's blood alcohol consumption. Electronic monitoring has not been used to track an offender's location in real time. The Judicial Branch, the Department of Corrections (DOC), and the CBC District Departments do not currently have the ability to provide an immediate response to reports of violation.

**Budget Impact**

The DOC may seek a FY 2006 supplemental appropriation for additional electronic monitoring devices. The DOC is also requesting an additional \$1.3 million and 7.0 FTE positions to supervise, electronically monitor, and treat sex offenders in FY 2007. The DOC and the Judicial Branch have provided preliminary estimates for the costs of electronic monitoring based on the interpretation of the language in HF 882 (FY 2006 Standing Appropriations Act). The cost for electronically monitoring adult sex offenders using the Global Positioning System (GPS) with a cellular telephone may be an additional \$2.4 million. This figure includes costs for additional GPS devices and staff for immediate response. The cost for electronically monitoring juvenile sex offenders under the jurisdiction of the court system is estimated to be \$650,000 in additional funding. The estimates above do not include funding for the potential exponential growth of demand and costs for electronic monitoring devices in future fiscal years.

**Copies Available**

Copies of the *Issue Review* may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**ISSUE REVIEW – WALLACE STATE OFFICE BUILDING**
**Issue Review**

The Fiscal Services Division of the LSA recently published an *Issue Review* on the Wallace State Office Building.

**Summary**

The *Issue Review* examines the State's ability to fund alternatives identified by the Department of Administrative Services concerning the Wallace State Office Building and whether or not to renovate the existing structure or construct a new building.

**Copies Available**

Copies of the *Issue Review* may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

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**FISCAL SERVICES DIVISION – NEW STAFF ASSIGNMENTS**

**New Fiscal Staff**

The Fiscal Services Division of the LSA is pleased to welcome new staff members that started during the 2005 Interim.

**HHS and Medicaid**



Kerri Johannsen is originally from Iowa and returns after graduating from Gustavas Adolphus College with a degree in Political Science and the Hubert Humphrey Institute of Public Affairs with a graduate degree in Public Policy. She will be assuming the Medicaid, Temporary Assistance for Needy Families (TANF), Child Support, and the Family Investment Program (FIP) duties that Jennifer Vermeer provided the last three Legislative Sessions for the Health and Human Services Appropriations Subcommittee and the Human Resources Standing Committees.

**Adm. and Regulation**

Jess Benson will be staffing the Administration and Regulation Appropriations Subcommittee. He is also from Iowa and graduated with a degree in Economics from the University of Iowa. He will be assuming duties relating to the Departments of Administrative Services, Management, and Revenue.

**Economic Development**

Ron Robinson previously staffed the Administration and Regulation Appropriations Subcommittee and now staffs the Economic Development Appropriations Subcommittee and the Economic Development Standing Committees.

**More Information**

Attached is a complete listing of LSA staff. Additional information is available from the LSA upon request.

STAFF CONTACT: Holly Lyons (Ext. 17845)

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**LEGISLATIVE SERVICES AGENCY  
FISCAL SERVICES DIVISION  
STAFF LISTING**

**Holly M. Lyons, Director  
Capitol, Ground Floor  
281-5279**

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
<b>FISCAL SERVICES DIVISION DIRECTOR</b>	Holly Lyons	281-5279	Capitol – Room G01
<b>DIVISION ADMINISTRATOR</b>	Douglas Wulf	281-3250	Miller – Room 209
<b>APPROPRIATIONS SUBCOMMITTEES</b>			
<b>ADMINISTRATION &amp; REGULATION</b>			
Auditor Commerce Ethics & Campaign Finance Disclosure Human Rights Iowa Public Employees Retirement System Treasurer	Sam Leto	281-6764	Miller – Room 209
Administrative Services Management Revenue	Jess Benson	281-4613	Miller – Room 209

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
Governor Governor's Office of Drug Control Policy Inspections and Appeals Lottery Racing and Gaming Secretary of State	Douglas Wulf	281-3250	Miller – Room 209
<b>AGRICULTURE &amp; NATURAL RESOURCES</b>			
Agriculture Natural Resources	Debra Kozel	281-6767	Miller – Room 209
<b>ECONOMIC DEVELOPMENT</b>			
Economic Development Iowa Finance Authority Public Employment Relations Board Workforce Development	Ron Robinson	281-6256	Miller – Room 209
<b>EDUCATION</b>			
Board of Regents College Aid Commission	Mary Shipman	281-4617	Capitol – Room G03
Blind Community Colleges Cultural Affairs Education Iowa Public Television	Robin Madison	281-5270	Miller – Room 209
<b>HUMAN SERVICES</b>			
Child Care Foster Care Juvenile Justice Elder Affairs Public Health Senior Living Trust	Lisa Burk	281-7942	Miller – Room 209

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
County Based Services Field Operations General Administration Institutions Mental Health/Mental Retardation/Developmental Disabilities Enhanced Services Social Services Block Grant Veteran's Affairs Veteran's Home	Sue Lerdal	281-7794	Capitol – Room G03
Child Support Recovery Children's Health Insurance Program Family Investment Program, Promise Jobs, Food Stamps Medical Services Temporary Assistance for Needy Families (TANF) Block Grant	Kerri Johannsen	281-4611	Capitol – Room G03
<b>JUSTICE SYSTEM</b>			
Iowa Law Enforcement Academy Iowa Telecommunications & Technology Commission Judicial Branch Public Defense Public Safety	Jennifer Acton	281-7846	Miller – Room 209
Civil Rights Corrections Indigent Defense/Public Defender Justice Department Parole Board	Beth Lenstra	281-6301	Miller – Room 209

**STAFF ASSIGNMENTS****STAFF PERSON****PHONE****LOCATION****TRANSPORTATION, INFRASTRUCTURE, &  
CAPITALS**Transportation  
CapitalsMary Beth Mellick  
David Reynolds281-8223  
281-6934Miller – Room 209  
Miller – Room 209**APPROPRIATIONS COMMITTEES**Sue Lerdal  
David Reynolds  
Holly Lyons281-7794  
281-6934  
281-7845Capitol – Room G03  
Miller – Room 209  
Capitol – Room G01**EDUCATION STANDING COMMITTEES**

School Finance

Dwayne Ferguson

281-6561

Capitol – Room G03

**GOVERNMENT OVERSIGHT COMMITTEE**Douglas Wulf  
Sam Leto281-3250  
281-6764Miller – Room 209  
Miller – Room 209**LEGISLATIVE FISCAL COMMITTEE**Sue Lerdal  
David Reynolds281-7794  
281-6934Capitol – Room G03  
Miller – Room 209**WAYS AND MEANS STANDING COMMITTEES**

Jeff Robinson

281-4614

Capitol – Room G03

**ADMINISTRATIVE STAFF**Sandra Laust  
Charlotte Mosher  
Nicole Navara  
Megan Thompson281-3566  
281-4594  
281-6766  
281-5279Capitol – Room G01  
Capitol – Room G03  
Miller – Room 209  
Capitol – Room G01