

**MINUTES
LEGISLATIVE FISCAL COMMITTEE
of the Legislative Council
September 12, 2013**

The Legislative Fiscal Committee of the Legislative Council met September 12, 2013, in the Center for Multicultural Education at the University of Northern Iowa.

A welcome message was extended by President Bill Ruud of the University of Northern Iowa.

The meeting was called to order at 10:30 a.m. by Representative Chuck Soderberg, Co-Chairperson, with the following members present:

- Senator Robert Dvorsky, Co-Chairperson
- Representative Chuck Soderberg, Co-Chairperson
- Representative Dave Jacoby
- Senator Jeff Danielson
- Senator Joe Bolkcom
- Senator Jack Whitver

Senator Feenstra and Representatives Cownie, Oldson, and Sands were excused. Other legislators in attendance included Representatives Rogers, Kressig, and Salmon and Senators Dotzler and Schoenjahn.

The minutes were approved.

The following agenda items were discussed:

Department of Corrections (DOC) – Dug and Mental Health Courts:

- **Department of Corrections — Diann Wilder Tomlinson, Deputy Director.** Ms. Tomlinson gave an introduction to drug and mental health courts. She referred to the information included in the handout ([Attachment B](#)).
- **Department of Corrections — Lettie Prell, Research Director.** Ms. Prell summarized statistics regarding the return on investment in dug and mental health courts, specifically reduction in recidivism rates. Recidivism rates are significantly lower in those judicial districts where drug courts are in operation. The DOC published findings of projected savings for a 10-year period indicating savings of \$4,961 for mental health court participants and \$4,450 per participant for drug courts. This information is summarized in a report on the DOC website titled "[Return on Investment: Evidence-Based Options to Improve Outcomes.](#)" The report will also be posted on the Fiscal Committee website.
- **Department of Corrections — Karen Herkelman, Director of the First Judicial District Department.** Ms. Herkelman gave a local perspective of drug and mental health court operations and use in Black Hawk, Guthrie, and Dubuque Counties.

Questions/Comments:

Senator Dvorsky: With proven positive results of state savings of approximately \$4,000 per drug court participant, why would the State not provide full funding of the drug courts statewide? The DOC and the courts have both documented that the drug courts work to lower recidivism.

Answer: The DOC has requested funding for drug courts in past years. Most drug courts were established using federal funds. Much of the federal funding has a four-year limitation. As federal funds expire or are eliminated, local drug courts struggle to find alternative funding sources. The DOC budget request for FY 2015 will be voted on by the Board of Corrections on September 13 but will likely not include additional funding for drug courts. The DOC is providing a list of priority funding items to the Department of Management that includes items the DOC would like to receive funding for if sufficient funding exists. Funding for drug courts will be included on this list, but it will not be a part of the formal budget request submitted to Governor Branstad.

Requested Information: Senators Dvorsky and Bolkcom requested that additional information concerning drug courts be provided to the Fiscal Committee. Specifically requested was an estimate of the cost to fully fund drug courts statewide. Senator Dvorsky asked Beth Lenstra of the Legislative Services Agency (LSA) to provide more information. Ms. Lenstra verbally provided some history and funding information for drug courts and will provide additional written information to the Committee.

Senator Danielson: Asked for clarification of the results for the First Judicial District.

Answer: The First Judicial District was not included in the report because their program was too new.

Senator Bolkcom: What is the percentage of persons receiving treatment for alcohol addiction only, as compared to drug addiction? Also, what percent are addicted to or treated for marijuana use?

Answer: A small percent of participants are addicted to alcohol or marijuana only. Most participants have multiple additions (alcohol and drugs).

Senator Soderberg: Requested a history of funding for drug courts since inception. Beth Lenstra of LSA will provide this as part of the follow-up information provided.

Representative Jacoby: What contracted services are used in the Waterloo/Cedar Falls area?

Answer: Pathways Behavioral Services and Black Hawk/Grundy County Mental Health Services.

Senator Danielson: Asked for clarification that approximately \$316,000 is needed to restore funding for the drug and mental health courts on the handout (Attachment B).

Answer: Yes. That would not quite be full funding (\$80,000 short), but it would restore those courts.

Regents Budget Overview:

- **Board of Regents— Bruce Rastetter, President, Iowa Board of Regents.** Mr. Rastetter gave an overview of the Board of Regents budget request for FY 2015.
- **Board of Regents— Patrice Sayre, Chief Business Officer, Iowa Board of Regents.** Ms. Sayre gave additional details regarding the Board of Regents budget request for FY 2015. (Attachment C)

Questions/Comments:

Senator Danielson: Asked for a clarification of new funding for the Regents, specifically as to the break out of new funding for each university.

Answer: Ms. Sayre said a one-page clarification will be provided to the Committee.

Senator Dvorsky: Asked about the State funds provided for scholarships for students with financial need.

Answer: The student financial aid will no longer be deducted from tuition revenues, but have been provided as a separate state appropriation.

Senator Bolkcom: Commented on the slide that shows income for students that graduate and emphasized the importance of freezing tuition for Iowa students.

Representative Soderberg: How is the increase in online learning impacting the need for classroom space?

Answer: The Regents universities are taking advantage of online learning opportunities. One example is a cooperative degree with community colleges. There is still a critical need for laboratory space at the universities.

Representative Soderberg: Asked about the tuition freeze and the funding required to accomplish a freeze for the FY 2015 budget year.

Answer: The increase needed to freeze tuition is included in the Regents request of 4.0%. This should cover the inflationary increase indicated by the Higher Education Price Index (HEPI). The HEPI number is currently unknown but projected to be in the 2.5% to 3.2% range.

Representative Jacoby: Indicated he is intrigued by the tuition freeze discussion and wondering if the Regents have a long term plan (5-year or 10-year) to continue the tuition freeze so this discussion is not an annual conversation.

Answer: The Regents are working on several strategies to make sure the tuition freeze continues. They have established an efficiency committee, performance-based funding study committee, and a strategic investment capitals planning committee.

Senator Dvorsky: Asked about the \$75.0 million for deferred maintenance and fire and safety improvements and that funds for these items have been requested for many years, but never fully funded.

Answer: More information will be provided by the Regents.

University of Northern Iowa – Bill Ruud, President

President Ruud reported gave an overview of the UNI budget for FY 2014 and the budget request for FY 2015. (Attachment D)

Questions/Comments:

Representative Jacoby: Is the Real Estate Education Program being eliminated.

Answer: No.

Senator Bolcom: Commented on the positive aspect of continuing support for the Regents institutions in terms of holding down the cost of tuition, jobs, and the economy.

Senator Danielson: Commented on the fact that UNI is at a turning point for the positive with a new president in place and the fact that Iowa has resources to invest in the Regents institutions.

Senator Dvorsky: Commented that UNI prepares a high percentage of teachers in Iowa. President Ruud concurred and stated that the UNI educates approximately 33.0% of the teachers and 40.0% of principals and superintendents in Iowa.

University of Northern Iowa – Alternative Out-of-State Tuition Proposal

President Ruud provided some background on the internal process at the UNI, in cooperation with the Board of Regents, regarding strategies the UNI might pursue in terms of attracting more out-of-state students to UNI.

Questions/Comments:

Senator Dvorsky: Commented that the situation at the University of Iowa is completely different and keeping sight of the fact that what is good for UNI may not necessarily work for all the Regents universities.

Senator Bolcom: Asked what the current tuition rates are.

Answer: Resident tuition is \$6,648 (plus fees). Out-of-state tuition varies at the different universities and ranges from \$16,000 to \$18,000.

Senator Bolcom: Asked what rate of growth UNI would like to see in enrollment.

Answer: The current enrollment for out-of-state students and international students is 400 - 500. President Ruud would like to see those numbers double.

Status of Iowa Economy and General Fund Revenues. Jeff Robinson (LSA Staff) provided information about General Fund revenue to date for FY 2014 as it compares to FY 2013. (Attachment G)

Questions/Comments:

Representative Jacoby: Commented on the personal income tax level. When will the commercial property tax backfill start to be reflected in the revenue numbers?

Answer: The commercial property tax backfill will not impact revenues. It will impact FY 2015 appropriations.

Representative Soderberg: When is the next Revenue Estimating Conference?

Answer: October.

Senator Bolcom: Asked about the beer tax increase.

Answer: There was no beer tax increase, it is just a receipts timing issue.

Cedar Valley TechWorks – Advanced Manufacturing Center and UNI Metal Casting (Attachment F)

- **Randy Pilkington, Executive Director of UNI Business and Community Services.** Mr. Pilkington gave opening and background remarks regarding the UNI purchase of a 3-D printer to fabricate on-demand molds for cast components to support advanced manufacturing in collaboration with TechWorks. State funding for this project was \$1.2 million, provided through the Iowa Economic Development Authority, and private funds leveraged have resulted in a total investment of \$1.5 million.
- **Jerry Thiel, Director of the UNI Metal Casting Center.** Mr. Thiel updated the Committee on the status of the printer project and installation.
- **Sheila Dickey, Manager of Technology Integration at John Deere in Waterloo.** Ms. Dickey indicated John Deere's support for the project and stated that it is a very cost-effective tool.

Questions/Comments:

Representative Jacoby: Why is the printer currently in Fairfield and how did it get there.

Answer: It was shipped by truck. It is being held in Fairfield until the final Waterloo location is ready. Installation of the printer at the final location will require a crane.

Senator Dotzler: Commented that this investment will help give Iowa companies a technological edge as this is one of the first installations of this printer in the U.S. He also commented that tuition for nonresident students attending UNI should be reduced so students can take advantage of this innovative technology.

Senator Dvorsky: Inquired as to how the printer will be utilized.

Answer: The goal is to make the printer project self-supporting. The intent is for the printer to be made available to all companies on a fee basis.

Legislative Services Agency (LSA) Items: Dave Reynolds presented and briefly discussed the following items:

- General Fund Balance Sheet from the end of the 2013 Legislative Session. (Attachment H)
- FY 2015 Enacted Appropriations and Built-in Expenditures. (Attachment I)
- FY 2013 Performance of Duty Expenditures. These consist mostly of weather related costs authorized for payment by the Executive Council. (Attachment J)

Senator Whitver: Asked about long-term revenue projections and the possible impact that recent appropriation commitments will have on future surpluses.

Answer: The LSA prepared some projections during the 2013 Session. Those will be revised and provided to the Committee. The LSA staff emphasize that any projections will require assumptions about future revenue growth and appropriations.

Representative Soderberg: Commented that it appears a part of the increase for Medicaid is due to the FMAP (federal medical assistance percentage). He also asked if the increase in enrollment is due to the “woodwork” effect and how enrollment will be impacted by implementation.

Answer: Impacts are currently not known, but the LSA will continue to provide information as it becomes available.

Senator Bolcom: Commented on the possible impact of the dry weather on the agricultural economy in Iowa and that this could have some impact on state revenues.

Representative Soderberg: Asked about performance of duty funding in reference to FEMA (federal emergency management agency) funding requirements. He also related a concern of FEMA rejecting reimbursement for ice storm repairs in northwest Iowa that were previously approved.

Answer: Most of the performance of duty expenditures are related to weather issues and do reflect matching funds for FEMA items.

Senator Bolcom: Senator Bolcom Indicated that he is the Iowa representative on a national FEMA advisory council if Representative Soderberg would like to forward his concern.

Future Meeting Dates/Topics. The Committee discussed scheduling the next meeting in the first week of November. Senator Bolcom asked for an update about Medicaid expansion and the health insurance exchange.

Tour. Fiscal Committee members and staff participated in a tour of the UNI campus that included Lang Hall, the Innovative Teaching and Technology Center (formerly the East Gym), and the Schindler Education Center. Dwight Watson, Dean of the UNI College of Education, participated in the tour of the Schindler Education Center and provided examples of concerns with the current building and proposed rehabilitation/redesign that is included in the Board of Regents capital request for FY 2015.

Meeting Materials. The following link to the Legislative Fiscal Committee website includes the attachments discussed at the meeting:

<https://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=85&CID=46>