

MINUTES
LEGISLATIVE FISCAL COMMITTEE
OF THE LEGISLATIVE COUNCIL
November 27, 2001

The Legislative Fiscal Committee of the Legislative Council met November 27, 2001, in Room 116 in the State Capitol Building. Co-chairperson, Senator Lamberti, called the meeting to order at 10:10 a.m. Other members present were:

Representative Dave Millage, Co-chairperson
Senator Tom Flynn
Senator Pat Harper
Senator Larry McKibben
Senator Neal Schuerer
Representative Libby Jacobs
Representative Pat Murphy
Representative Don Shoultz
Representative Jamie Van Fossen

Other Legislators present were Senator Jeff Angelo and Representative Betty Grundberg.

APPROVAL OF MINUTES

Representative Van Fossen made a motion to approve the minutes of the October 24, 2001, meeting (**Attachment A**). The minutes were corrected to show the date of the meeting as October 24, 2001, not 2002 as it appears in the heading of the minutes. The minutes were approved with the correction.

REVENUE UPDATE

Dennis Prouty, Director, Legislative Fiscal Bureau (LFB), presented a revenue update. He reviewed **Attachment B**, General Fund Projection, FY 2000 through FY 2003.

Fiscal Year 2001 ended with a negative \$59.4 million balance in the General Fund. The FY 2002 ending balance has changed since the Special Legislative Session in November to an estimated ending balance of \$26.1 million. The Revenue Estimating Conference (REC) will be meeting December 7 to review these estimates.

Mr. Prouty reviewed **Attachment 1**, Projected FY 2003 Incremental Built-in and Anticipated Expenditures.

FY 2002 GENERAL FUND BUDGET UPDATE

Holly Lyons, LFB, presented **Attachment C**, a Summary of HF 759, the FY 2002 Appropriations Adjustment Act (Special Session).

She also reviewed **Attachment 2**, The Impact of the 4.3% Across-the-Board Budget Reduction in Federal Funds in FY 2002.

Representative Millage requested that the Fiscal Bureau provide information on the FY 2003 Salary Bill at the next meeting. He would like to know the total cost of the Bill for FY 2003 and FY 2004, including the cost of the additional step in the pay plan.

Kate Walton, Department of Human Services (DHS), confirmed that DHS will have an estimated \$43.0 million shortfall, for FY 2002, but stated that the Department does not intend to request a supplemental appropriation at this time. The Medicaid deficit is estimated to be \$25.0 million and the reduction due to the 4.3% across-the-board reduction is \$18.6 million. Sam Leto, LFB, stated the LFB estimate of the Medicaid deficit is currently in the range of \$30.0 million to \$35.0 million.

TOBACCO SECURITIZATION UPDATE

Beth Lenstra and Dave Reynolds, LFB, presented a Tobacco Securitization Update. Mr. Reynolds reviewed the various options and costs involved to pay back the \$40.0 million from the Teachers' Salary Program to the Tobacco Funds. The Tobacco Securitization bonds were sold in October for \$644.2 million and are now in an endowment fund.

REVIEW OF CRIMINAL JUSTICE POPULATION TRENDS

Lettie Prell, Criminal Juvenile Justice Planning Division, and Jennifer Dean and Beth Lenstra, LFB, reviewed the criminal justice population trends for the last 10 years.

Beth Lenstra, LFB, reviewed **Attachment D** including Iowa's Correctional System Population, Designed Capacity vs. FY 2001 Iowa Inmate Population; Iowa's Inmate Population from FY 1988 through FY 2001; and Filings in Iowa District Court from 1991 through 2000.

- **Attachment E** is an *Issue Review*, "Crime Bills from the 2001 Legislative Session" presented for information only. It provides a summary of crime legislation enacted by the 2001 General Assembly.
- **Attachment F** is a Summary of Past Correctional Impact Statements since 1994 for information only.
- **Attachment G**, Iowa Prison Population Forecast FY 2002 – 2011, was reviewed by Beth Lenstra, LFB. By June 30, 2003, Iowa's prison population is expected to exceed official capacity (including a 200-bed expansion) by approximately 1,984 inmates or 28%, if current offender behaviors and justice system trends, policies and practices continue.

- **Attachment H**, General Fund expenditures for the last 10 years for the Department of Corrections, Judicial Branch, and the Department of Public Safety, was presented by Beth Lenstra, LFB.

Representative Jacobs requested more information showing the prison population versus growth in crimes and if there would be more than one factor involved in crime rates. Representative Millage requested additional information regarding the criminal filings, if the trend on criminal and civil filings is continuing downward and the impact that would have on the prison population.

David Boyd, Deputy State Court Administrator, will provide this information. It was noted that during recent years, some simple misdemeanors have been changed to serious misdemeanors. That has been changed again and criminal filings will probably be increasing as a result.

JUDICIAL BRANCH

Attachments I and J were provided for information only. **Attachment I** shows Judicial Branch Case Filings by District, within the Court System **Attachment J** is an *Issue Review*: "Overview: Iowa Judicial Branch" and describes the Judicial Branch organization and identifies major issues, including funding and staffing trends, caseloads, technology changes, an historical overview of judicial salaries and benefits; and the collection of fines, fees, and other charges.

Deputy State Court Administrator, David Boyd reviewed **Attachments K, L, M, and N**.

- **Attachment K** is a map comparing the Judicial Districts and the Electoral Districts in Iowa.
- **Attachment L** is a press release announcing a tentative plan for restructuring the State Court System.
- **Attachment M** shows the Iowa Judicial Council Initial Concept for Court Service Areas and Redistricting.
- **Attachment N** is a report on the "Initial Concept for Restructuring Court System"

Mr. Boyd provided background information on the Court System. In the late 1990s a futures commission was established to visualize what a court system in the 21st century might look like in Iowa. That Report included a suggestion that the Supreme Court should periodically look at how judicial services are delivered, how they are organized, and how the system is administered.

Mr. Boyd stated that in the last year as budgets have gotten tighter, and the State's revenue situation has changed, the Supreme Court members have worked with the Judicial Council at looking at ways the delivery of judicial services in the State might be restructured.

Representative Millage asked if the requirement that a judge live in the area he/she is serving would be eliminated under the proposed restructuring. Mr. Boyd responded he did not believe there were plans to change the requirement.

Mr. Boyd stated the Courts will not ask the Legislature to vote on a single judicial reorganization plan, but will ask the Legislature to vote on certain aspects that go together as a package to create the plan. Senator Schuerer requested that the Courts submit a colored map and copies of the reorganization plan to all legislators.

Linda Murken, Director, Second Judicial District, Department of Correctional Services presented a brief overview of the structure of the Community-Based Corrections. (Copies of her remarks are on file with the LFB). She presented the potential impact on Community-Based Corrections with the proposed restructuring of Iowa's Court System, re-drawing the boundaries of the eight judicial districts into five districts, and the proposed creation of the 28 Court Services Centers (Areas).

In her concluding remarks, Ms. Murken stated it would be possible to reorganize Community-Based Corrections in accordance with the new Judicial District boundaries. However, many areas of operations would be impacted and time needed to coordinate the changes. Over 26,000 criminal offenders are currently under supervision in the community.

LUNCH

The Committee recessed for lunch at 11:55 a.m. Representative Millage reconvened the meeting at 1:00 p.m.

DEPARTMENT OF PUBLIC SAFETY

Commissioner E. A. "Penny" Westfall, introduced the Department of Public Safety (DPS) Budget Director Dave Heuton; Russ Porter, Intelligence Bureau; and the following Directors: Fire Marshal George Howe, Colonel Robert Garrison, Iowa State Patrol; Darwin Chapman, Division of Criminal Investigation; Ken Carter, Division of Narcotics Enforcement; and Carroll Bidler, Administrative Services.

Ms. Westfall reviewed the areas of reduction in the budget including cutting equipment purchases, the elimination of all overtime funded from the General Fund, and eliminating a number of current programs. The motorist assist van and all contract personnel have been eliminated and aircraft operations have been reduced. A total of 47 General Fund funded positions have been eliminated with transfers between divisions, eliminated retiring positions and vacant positions to avoid layoffs. The DPS has had additional responsibilities since the September 11 event. The DPS has not lost any federal funds due to budget cuts.

Ms. Westfall reviewed the following attachments:

- **Attachment O** - Details of FY 2002 Budget Reduction (FTE positions eliminated by job classification for all divisions within DPS)

- **Attachment P** – Explanation of “National Obligation” for each division of DPS
- **Attachment Q** – Federal Funding Update (sources and uses of funds for the current fiscal year, with projected expiration dates)

Representative Millage questioned Ms. Westfall as to why a 1% reduction in Public Safety’s budget last March would have resulted in the layoff of 102 troopers, but in November, the Department has sustained a 7.6% budget reduction and no layoffs. Ms. Westfall responded that it was due to the timing. In March of the Fiscal Year, the Department had spent most of the equipment and fuel budgets, so no savings could be realized from these areas.

Representative Millage asked Ms. Westfall if the Department would experience any loss in federal funds as a result of the 4.3% reduction. Ms. Westfall responded, no, the Department has limited matching funds.

DEPARTMENT OF CORRECTIONS

Kip Kautzky, Director; Department of Corrections, reviewed **Attachment R**.

Mr. Kautzky presented the 4.3% Budget Restoration and Reduction Summary for FY 2002 as it was after the November Special Legislative Session. The Department of Corrections is at 85% staffing, so any additional cuts will require giving thoughts to priorities, such as food, utilities, and all direct variable costs.

Mr. Kautzky also reviewed the budget cuts for the Community-Based Corrections Districts, a \$55.0 million investment serving over 1,400 beds. Impacts will be in general areas with some programs affected, and some contracts will be cut.

Mr. Kautzky discussed County confinement, reimbursement rates and the variance between counties. They are proposing a \$50 per day reimbursement rate for all counties for county confinement of prisoners.

Mr. Kautzky reviewed the Capital Projects and Federal Funds as of November 14, 2001, for the Department of Corrections and the reduction of federal funds for the Special Needs Unit at Oakdale. He also presented the construction/funding timeline for the Special Needs Units within the Iowa State Penitentiary and Iowa Medical and Classification Center.

TELEMEDICINE SYSTEM UPDATE

Dr. Michael Kienzle, SUIHC, presented an overview on Telemedicine. He reviewed home nursing care through telemedicine rationale for providing home care through technology, resourceLink of Iowa, LC, RLI System statistics and patient satisfaction. He also reviewed the Department of Corrections Telemedicine, including usage and success of the Program. Another topic was Telepsychiatry including a census of state and county psychiatric

inpatients in the US 1956-1996, prisoners with mental illness, and total drug cost percentages by therapeutic drug categories (FY 2000).

DISCUSSION OF DECEMBER 17 MEETING

The Committee discussed topics for the December 17 meeting:

- Required report by Iowa Veterans Home to the Fiscal Committee (due December 1 pursuant to HF 726, FY 2002 Health & Human Rights Appropriations Act)
- State Debt Report
- Federal Funds Update – Phil Buchan, State/Federal Office in Washington, D.C.
- Revenue Update – REC is scheduled to meet December 7
- Update on FY 2002 budget reductions

ADJOURNMENT

Representative Jacobs made a motion to adjourn the meeting at 3:10 p.m.