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REVENUE ESTIMATING CONFERENCE (REC) – DECEMBER MEETING

December REC Meeting. The Revenue Estimating Conference (REC) met on December 12, 2013, and decreased the estimated FY 2014 General Fund receipts by \$13.1 million compared to the FY 2014 October REC estimate. The December REC estimate for FY 2014 General Fund receipts, including transfers, totals \$6,682.2 million, a decrease of \$86.6 million (-1.3%) compared to actual FY 2013. Estimated FY 2014 changes compared to FY 2013 include:

- A decrease of \$78.3 million (-1.9%) in gross income tax receipts. Downward adjustments were made to account for one-time income tax revenues received in FY 2013 and to account for the Taxpayer Trust Fund payments that will be made in the spring of 2014. Although the Taxpayer Trust Fund payment will lower gross income tax receipts, an adjustment is made to the transfers section so that there will be no General Fund impact (on an accrual basis). Through December 12, gross income tax receipts were up 3.4%.
- An increase of \$107.4 million (4.2%) in gross sales/use tax receipts. Continued economic growth is anticipated to lead to growth in taxable sales. Through December 12, gross sales/use tax receipts were up 3.0%.
- A decrease of \$4.2 million (-0.8%) in gross corporate tax receipts. Through December 12, gross corporate tax receipts were up 3.2%.
- A reduction of \$120.0 million in cigarette and tobacco tax receipts. As a result of a law change enacted this past Legislative Session, all cigarette and tobacco tax receipts are deposited in the Health Care Trust Fund and not the State General Fund.
- A reduction of \$59.8 million in other receipts. Most of the reduction is attributable to a law change enacted this past legislative session eliminating the deposit of racing and gaming receipts to the State General Fund. Beginning in FY 2014, these receipts will now be deposited in the Iowa Skilled Worker and Job Creation Fund.

FY 2014 Revenue Estimating Conference Projection						
Dollars in Millions						
	Actual	October	December	Increase	Increase	Percentage
	FY 2013	FY 2014	FY 2014	to October	to Actual	Change
		Estimate	Estimate	Estimate	FY 2013	to Actual
						FY 2013
Income Tax	\$4,083.9	\$4,140.8	\$4,005.6	\$-135.2	\$-78.3	-1.9%
Sales/Use Tax	2,547.6	2,601.7	2,655.0	53.3	107.4	4.2%
Corporate Tax	555.3	582.2	551.1	-31.1	-4.2	-0.8%
Insurance Tax	104.9	106.8	108.6	1.8	3.7	3.5%
Cigarette/Tobacco Tax	121.4	1.4	1.4	0.0	-120.0	-98.8%
Other Taxes	145.3	152.4	167.5	15.1	22.2	15.3%
Total Taxes	\$7,558.4	\$7,585.3	\$7,489.2	\$-96.1	\$-69.2	-0.9%
Other Receipts	330.0	270.2	270.2	0.0	-59.8	-18.1%
Gross Tax & Other Receipts	\$7,888.4	\$7,855.5	\$7,759.4	\$-96.1	\$-129.0	-1.6%
Accruals (Net)	13.1	33.3	37.9	4.6	24.8	189.3%
Refund (Accrual Basis)	-830.5	-877.0	-900.0	-23.0	-69.5	8.4%
Schl. Infr. Refunds (Accrual)	-419.2	-438.7	-425.5	13.2	-6.3	1.5%
Total Net Receipts	\$6,651.8	\$6,573.1	\$6,471.8	\$-101.3	\$-180.0	-2.7%
Transfers (Accrual Basis)	117.0	122.2	210.4	88.2	93.4	79.8%
Net Receipts Plus Transfers	\$6,768.8	\$6,695.3	\$6,682.2	\$-13.1	\$-86.6	-1.3%

There were no law change adjustments to the October REC estimates.

FY 2015 Estimates. The REC revised the FY 2015 estimate to \$6,983.2 million, an increase of \$6.6 million compared to the October estimate and \$301.0 million (4.5%) compared to the new FY 2014 estimate. Continued economic and job growth is anticipated to positively impact overall General Fund tax receipt growth.

FY 2015 Revenue Estimating Conference Projection						
Dollars in Millions						
	Estimate	October	December	Increase	Increase	Percentage
	FY 2014	FY 2015	FY 2015	to October	to Estimated	Change
		Estimate	Estimate	Estimate	FY 2014	to Estimated
						FY 2014
Income Tax	\$4,005.6	\$4,366.0	\$4,272.2	\$-93.8	\$266.6	6.7%
Sales/Use Tax	2,655.0	2,696.6	2,769.7	73.1	114.7	4.3%
Corporate Tax	551.1	587.3	563.5	-23.8	12.4	2.3%
Insurance Tax	108.6	104.5	111.4	6.9	2.8	2.6%
Cigarette/Tobacco Tax	1.4	0.0	0.0	0.0	-1.4	N.A.
Other Taxes	167.5	155.4	175.4	20.0	7.9	4.7%
Total Taxes	\$7,489.2	\$7,909.8	\$7,892.2	\$-17.6	\$403.0	5.4%
Other Receipts	270.2	270.6	269.2	-1.4	-1.0	-0.4%
Gross Tax & Other Receipts	\$7,759.4	\$8,180.4	\$8,161.4	\$-19.0	\$402.0	5.2%
Accruals (Net)	37.9	14.0	22.0	8.0	-15.9	-42.0%
Refund (Accrual Basis)	-900.0	-889.0	-934.0	-45.0	-34.0	3.8%
Schl. Infr. Refunds (Accrual)	-425.5	-447.0	-451.9	-4.9	-26.4	6.2%
Total Net Receipts	\$6,471.8	\$6,858.4	\$6,797.5	\$-60.9	\$325.7	5.0%
Transfers (Accrual Basis)	210.4	118.2	185.7	67.5	-24.7	-11.7%
Net Receipts Plus Transfers	\$6,682.2	\$6,976.6	\$6,983.2	\$6.6	\$301.0	4.5%

The next meeting has not been scheduled but will likely occur in March or April 2014. A [detailed spreadsheet](#) of the REC estimates is available on the LSA website.

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SUMMARY OF FY 2015 BUDGET

Budget Summary Published. The Fiscal Services Division has published the [Summary of FY 2015 Budget and Department Requests](#). This document reviews receipts and expenditures of the current fiscal year (FY 2014) and summarizes department budget requests for FY 2015. In addition, the document contains preliminary revenue and budget projections for FY 2015. The document includes:

- **Budget Overview.** This section contains an overall review of the General Fund budget for FY 2014 and provides a summary of the funding increases requested by departments and agencies for FY 2015.
- **Significant Budget Topics.** There are individual sections of the document that summarize:
 - Revenue and economic outlook
 - Federal funds
 - School aid projections
 - Education reform
 - Property tax system modifications
- **Appropriations Tracking.** The appropriations tracking section provides the individual General Fund and Other Fund appropriation requests compared to estimated FY 2014. The budget unit titles in the tracking section are hotlinked to [Budget Unit Fiscal Topics](#) where available.

Governor's Budget Summary. A similar document analyzing the Governor's budget recommendations for FY 2015 will be published in January 2014.

Governor's Budget Hearings. The Governor held a series of budget hearings to receive additional information regarding Executive Branch department budget requests for FY 2015. Fiscal Services staff attended and monitored these hearings. Staff will include significant information and issues in the summary document of the Governor's budget recommendations issued in January 2014. For more information about these hearings, contact the appropriate Fiscal Services staff member. See the staff listing by subject area beginning on page 3 of the [Summary of FY 2015 Budget and Department Requests](#).

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BOND DEFEASANCE STATUS

Legislation. During the 2013 Legislative Session, the General Assembly approved [HF 648](#) (Bond Repayment and Supplemental Appropriations Act) that provided for defeasance of several revenue bonds, including the school infrastructure bonds, I-JOBS 2010 taxable bonds, 2002 prison infrastructure bonds, and the Honey Creek Premier Destination Park bonds. For FY 2014, the Act transferred \$116.1 million to a new State Bond Repayment Fund, established in [Iowa Code section 8.57F](#) (see Section 2 of HF 648), from excess funds remaining after the Economic Emergency Fund reached its maximum balance and after the first \$60.0 million transferred to the Taxpayer Trust Fund.

Insufficient Funds and Priority Order. Language was added in case funds were not sufficient for all of the transactions. Section 1.2 of HF 648 provided that if the Treasurer of State determined the amount was not sufficient to defease the bonds, the Treasurer of State could submit a written request to the Department of Management certifying the amount of the insufficiency and once confirmed, any additional monies needed would be transferred from excess monies after the Economic Emergency Fund reached its maximum. In addition, Section 2.2 of the legislation provided the priority order for the bond defeasance, should funds not be sufficient. The highest priority was the Honey Creek bonds, then prison infrastructure, I-JOBS 2010 taxable bonds, and finally the school infrastructure bonds.

Defeasance Process. In order to pay off the bonds (i.e. take them off the books) before the redeemable date, the State needed to set up defeasance escrow accounts to pay the scheduled debt service, principal and interest, plus any outstanding principal as of the call date. In the case of the bonds without call provisions, the full amount of principal and interest due until maturity was needed. For a defeasance, funds are deposited in an irrevocable escrow account that an escrow agent verifies has enough money set aside to pay the required amount. The I-JOBS 2010 taxable bonds and the Honey Creek bonds were callable, while the 2002 prison infrastructure bonds and the school infrastructure bonds were not.

Honey Creek Premier Destination Bond Authority: On November 14, 2013, the Honey Creek Premier Destination Bond Authority met to approve the defeasance of the Honey Creek bonds. The Authority is comprised of the Treasurer of State, the Auditor of State, and the Director of the Department of Management. The Authority approved the authority certificate and escrow agreement allowing for completion of the defeasance on November 25, 2013. The escrow account will pay the debt service until the bonds are callable on June 1, 2016. The Authority will not be dissolved until the bonds are redeemed at that time.

Other Bond Transactions Completed. In addition to the defeasance of the Honey Creek bonds, the Treasurer of State completed transactions on the other three bonds in November 2013. The I-JOBS 2010 taxable bonds were redeemed on November 15, 2013. These bonds were redeemable at any time, but they did have a “make whole” provision included that is a lump sum payment derived from a formula based on the net present value of future coupon payments that will not be paid because of redemption. The prison infrastructure bonds and school infrastructure bonds were defeased on November 25, 2013. Because the two latter bond series were not callable, escrow accounts were established to pay the principal and interest through maturity. The maturity date is June 15, 2016, for the prison infrastructure bonds, and the maturity date for the school infrastructure bonds is March 15, 2021.

Actual Costs of Defeasance. The actual amount needed for escrow accounts and redemption depended on market rates, and in order to ensure sufficient funds were provided, the amount deposited in the State Bond Repayment Fund per HF 648 did not reflect additional payments on debt service made during the fiscal year, nor the release of the debt service reserve funds. The final costs of defeasance totaled approximately \$99.1 million, and of that amount, \$87.3 million was provided from the State Bond Repayment Fund. The specific costs per bond series were as follows:

- **Honey Creek bonds** – Total amount needed was \$35.8 million. The debt service reserve fund paid \$2.3 million and the total amount funded by the State Bond Repayment Fund was \$33.5 million.
- **I-JOBS 2010 taxable bonds** – Total amount needed was \$25.2 million. The debt service reserve fund paid \$2.3 million, so total amount funded by State Bond Repayment Fund was \$22.9 million.
- **School infrastructure bonds** – Total amount needed was \$20.5 million. The debt service reserve fund paid \$2.7 million, so the total amount funded by the State Bond Repayment Fund was \$17.8 million.
- **2002 prison infrastructure bonds** – Total amount needed was \$17.6 million. The debt service reserve fund paid \$4.5 million, so the total amount funded by the State Bond Repayment Fund was \$13.1 million.

Funding Excess. The remaining \$28.8 million from the \$116.1 million appropriation remains in the State Bond Repayment Fund. Due to the language in [Iowa Code section 8.57F](#) (see Section 2 of HF 648) that notwithstanding [Iowa Code section 8.33](#), legislative action may be required to transfer the remaining funds to the original appropriating source or to the General Fund.

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SCHOOL FINANCE PRESENTATION

Presentation. The LSA recently published a Prezi presentation on the School Finance Formula providing a basic overview of how the school aid formula works. View this presentation online at: http://prezi.com/iv28ls0thywk/iowa-school-finance-formula/?utm_campaign=share&utm_medium=copy

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TOLEDO JUVENILE HOME CLOSURE

Closure Announced. On December 9, 2013, the Department of Human Services (DHS) announced the closure of the Juvenile Home and Girls State Training School in Toledo by the end of January 2014.

Background. The Juvenile Home and Training School provides a specialized structured setting to evaluate and treat youth between 12 and 18 years of age, determined by the juvenile justice system to require specialized structured program care, evaluation, and/or treatment due to numerous out-of-home placements, disruptive behavior, and extensive involvement in the system. Males and females judged [Children in Need of Assistance](#) (CINA) by the Iowa court system are admitted to the Iowa Juvenile Home. Females judged delinquent are admitted to the State Training School for Girls. At full capacity, the Juvenile Home and Training School can serve 57 youth and employ 114 FTE positions. For FY 2014, the Juvenile Home and Training School has a \$10.5 million General Fund budget. Currently, 21 girls are served on the campus by 93 employees.

Purpose for Closure. The DHS states that the closure and alternative placement decision was based on executive branch interpretations of recommendations from a [report](#) submitted by the 2013 Iowa Juvenile Home Protection Task Force created by Governor Branstad with [Executive Order Number 82](#) in August 2013. The Task Force was comprised of five members appointed by the Governor and included the DHS Director, Jerry Foxhoven (Executive Director of the Drake Legal Clinic), Dr. Mark Peltan (Director of Behavioral Services at Mercy Medical Center in North Iowa), Ron Stehl (Consultant), and Dr. Mary Stevens (Director of Special Education, Area Education Agency 267). The Task Force held four public meetings. Alternative recommendations by the Task Force included:

- Limiting the Juvenile Home and Training School to only serving girls and continuing operations as a “girls only” facility.
- Operating the school at the Juvenile Home and Training School on a year-round basis, but removing the DHS as the operator and placing the local school district in charge of education. Funding will be needed for the local school district and the mission will include integration and collaboration between treatment and education.
- Replacing the cottages on the Toledo campus with living units that are designed to meet current standards, minimize the opportunity for self-harm, and remove the need for seclusion rooms. The current cottages were built or remodeled during the mid-twentieth century and are deemed to have outdated floor plans and accommodations. Past campus improvements included an FY 2006 \$8.1 million appropriation for a new school, infirmary, and support unit.
- Subjecting any facility operated in Toledo to third-party oversight or licensure.
- Establishing a funding mechanism to allow private providers the additional funds needed to maintain the CINA youth in private facilities near the residence of the home the youth involved originates from and working with Magellan Behavioral Services to assist with arrangements. Once capacity with private providers would be established, suspend placing CINA youth at the Juvenile Home and only serve as a State Training School. Any transition should be done by ceasing new placements.

Alternative Services. The DHS stated that other state facilities and community-based, private providers can suit the treatment needs for both CINA and delinquent girls currently being served on the Toledo campus. The DHS social workers, juvenile court officers, and licensing and accreditation agencies are responsible for ensuring that the youth continue to receive the services they need at their new placements. With approval from the courts, many of the delinquent girls may be served at the state’s psychiatric medical institutes for children (PMIC). Others may find treatment through community-based providers. It is the goal of the DHS to complete placements in settings that can receive matching federal funds to assist in providing services. Currently, youth cannot qualify for federal matching funds if residing and receiving treatment at the Juvenile Home and Training School. As of December 12, 2013, no information has been released by the Department concerning how the remainder of the Facility’s FY 2014 operating budget will be used.

Layoffs. Layoffs will be effective January 16, 2014. The Iowa Employee Assistance Program (EAP) will be available to staff, and the DHS states that officials will work with former employees to help them pursue other job opportunities.

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SALES/USE TAX FOR SCHOOL INFRASTRUCTURE

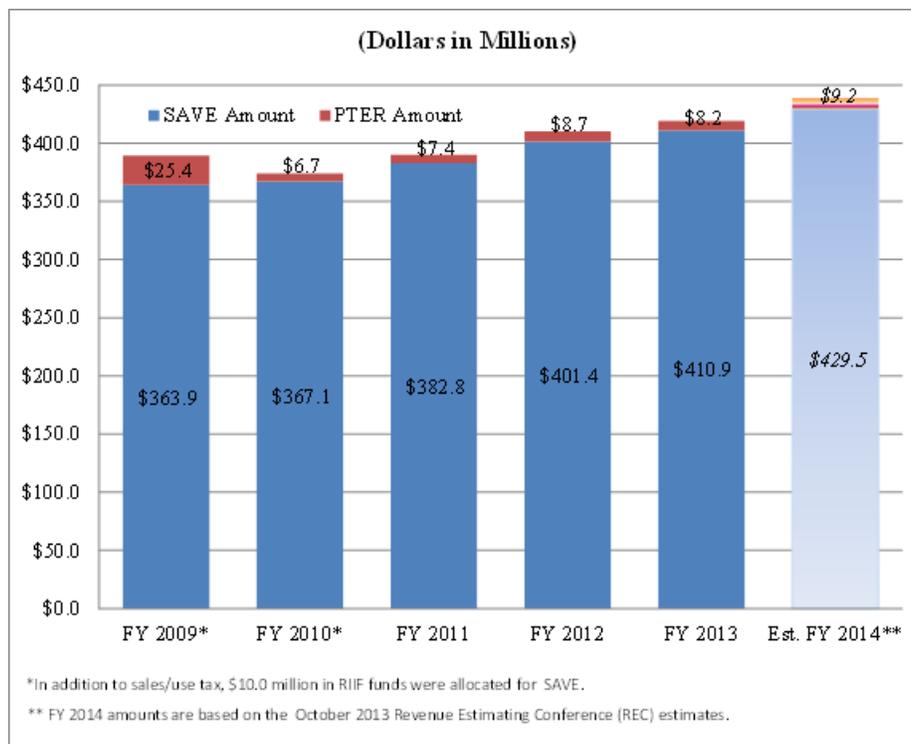
FY 2013 Finalized. The sales/use tax amounts for school infrastructure for FY 2013 have been finalized by the Department of Revenue and totaled approximately \$419.2 million. This included allocations for the Secure an Advanced Vision for Education (SAVE) Fund totaling \$410.9 million and \$8.2 million that was transferred to the Property Tax Equity and Relief (PTER) Fund.

SAVE Fund Allocations. The SAVE fund allocations can be used by school districts for school infrastructure purposes or to provide specified property tax relief for the school districts. Use of the funds is specified by the district’s revenue purpose statement. The Statewide per pupil amount in FY 2013 was \$868. However, because of the grandfather provision that allows school districts within qualifying counties to retain the entire sales/use tax revenue generated within the county, not all districts received that level of funding. There were 18 counties that provided \$39.5 million that was redistributed to school districts in 75 counties. The redistribution is required to equalize the per pupil allocations for school districts not impacted by the grandfather provision. The grandfather provision will expire during FY 2014, with only school districts in Dallas County receiving the benefit of the provision. Beginning in FY 2015, all school districts will receive the same per pupil amount.

PTER Funds. The amount of sales/use tax transferred to the PTER Fund provides targeted property tax relief through the school aid formula. Because of timing issues, FY 2013 sales/use tax transferred to the PTER Fund will provide property tax relief in FY 2015. Although full implementation of the PTER Fund provision is designed to provide property tax relief to all districts, the level of funds available is not sufficient for full implementation. The current level of funding will provide property tax relief to districts with the highest adjusted additional levy rate.

Graph. The following graph provides sales/use tax for school infrastructure totals, including the SAVE and PTER Fund allocations for FY 2009 through FY 2013 and includes estimates for FY 2014 (based on the October REC estimate).

Sales/Use Tax for School Infrastructure: FY 2009 through Estimated FY 2014



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MAP – FY 2014 PROPERTY TAX RELIEF

Map. The following map shows property tax relief aid by school district, including breakdowns by type of relief aid:

- Property Tax Adjustment Aid
- Property Tax Equity and Relief Fund (PTER)
- Property Tax Replacement Payments

The statewide average relief aid per school district is \$0.36 per \$1,000 of assessed valuation.

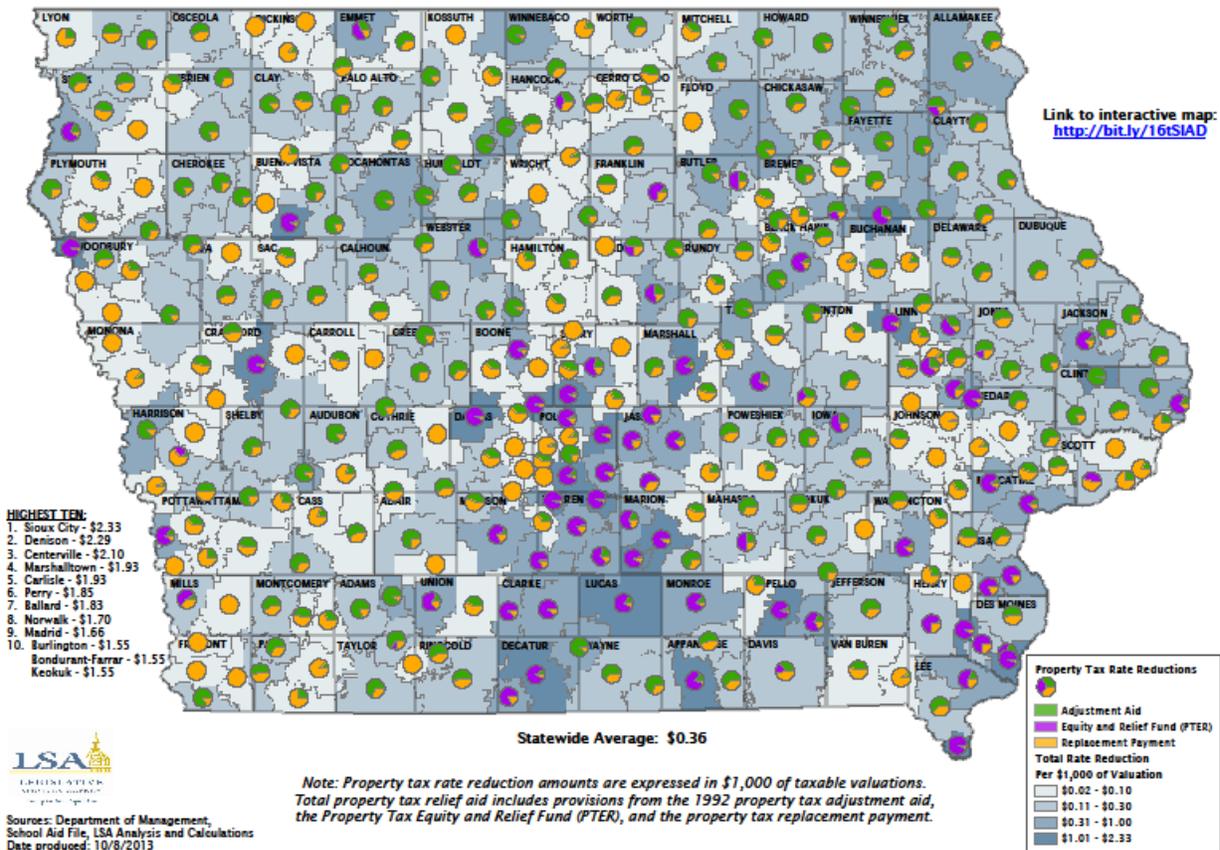
An interactive version of this map is available at:

<http://iowa-legis.maps.arcgis.com/home/item.html?id=7b527a99fba841f5b7566d4719b45f18>.

This map and others are available online at:

<https://www.legis.iowa.gov/Resources/Mapping/mapOfTheWeek.aspx>.

**Total Property Tax Relief Aid - Rate Reduction by School District
FY 2014**



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STATE LIBRARIAN RETIRES

Retirement. The State Librarian, Mary Wegner, retired from the position on December 5, 2013. Ms. Wegner was appointed the State Librarian in 2001. Before joining the State Library, she worked for more than 20 years as the director of the libraries at Iowa Methodist Medical Center, Iowa Lutheran Hospital, and Blank Children's Hospital in Des Moines.

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SPECIAL SCHOOLS SUPERINTENDENT TO RETIRE

Retirement Announcement. Patrick Clancy, Superintendent of the Iowa School for the Deaf and the Iowa Braille and Sight Saving School has announced that he plans to retire effective June 30, 2014. He has agreed to remain available for a limited period of time after his retirement to work with his successor. Superintendent Clancy has served as Superintendent of the Braille and Sight Saving School since August 2008. He assumed responsibility for the School for the Deaf in April 2012.

Regents Committee to Seek Successor. At the December 4, 2013, Board of Regents meeting, the Board will appoint a search committee to seek a successor to Superintendent Clancy and authorize a Request for Proposals to begin the process of selecting a search firm. It is anticipated that at least two public hearings will be held, one at each of the special schools, to seek input from the communities on criteria for the selection process. The cost of the search will be paid by the two schools jointly.

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TEACHER LEADERSHIP PLANNING GRANTS

Funding. The Department of Education received applications from and awarded Teacher Leader Planning Grants to all 346 school districts. The grants were the result of the enactment of [HF 215](#) (Education Reform Act) and an appropriation provided in [HF 604](#) (FY 2014 Education Appropriations Act). House File 215 specified an allocation of \$3.5 million for the grant amount.

Grant Awards. Each school district will receive \$5,000 plus an additional \$3.71 per pupil (based on the October 2012 certified enrollment) with the total allocation of \$3.5 million. Grant amounts ranged from \$5,282 (LuVerne) to \$123,950 (Des Moines).

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CIVIL RIGHTS COMMISSION PARTNERSHIP FUNDS

Partnerships. The U.S. Department of Housing and Urban Development ([HUD](#)) implemented a competitive grant process for funding opportunities for partnership funds. Applications were due August 22, 2013. The [Iowa Civil Rights Commission](#) submitted proposals for training and outreach projects including collaborating with local agencies.

Grant Award. The Iowa Civil Rights Commission was recently notified that it will receive approximately \$98,000 in HUD funds for collaborative partnerships. The Commission's entire proposal was funded, and it includes:

- \$25,000 to partner with the Fair Housing Center of NE-IA to conduct onsite race and national origin matched-pair fair housing tests. The testing is designed to identify and eliminate discriminatory housing practices.
- \$8,400 to contract with the [Iowa Department of Cultural Affairs](#) and the [State Historical Society](#) to hold its first "Be the Change" Symposium. This is a day-long training conference that targets employers, law enforcement agencies, and housing providers. Professional staff of the Iowa Civil Rights Commission conducted the training sessions.
- \$33,000 for a booth at the 2014 [Iowa State Fair](#) to provide education and outreach at the State Fair.

- \$17,000 to partner with [Drake Law School](#) to employ two law school students as interns to conduct design and construction Fair Housing tests.
- \$14,000 to partner with the [Des Moines Register](#), [City View](#), [Juice](#), [La Prensa](#), [El Heraldo Hispano](#), and [Apartment Finder](#) to provide education and outreach to tenants, prospective tenants, and housing providers regarding state and federal fair housing laws and services available through the Iowa Civil Rights Commission and HUD.

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COLLEGE STUDENT AID COMMISSION FUNDING REQUESTS FOR FY 2015

Commission Members' Request. In October, the staff of the College Student Aid Commission submitted a mostly status quo budget request to the Governor for FY 2015. As in previous years, Commission members presented their own request for additional funding to the Governor at a budget hearing on November 25, 2013.

Funding Changes Requested. While the agency's official budget request included only one increase (\$500,000 for the Iowa Tuition Grant Program for nonprofit institutions), the Commission members requested the following changes in appropriations for FY 2015:

- An increase of \$99,000 for Administration to restore the amount appropriated in FY 2010 for this purpose. The appropriation would represent less than 0.5% of the total appropriations requested for financial aid programs. The increase would begin to phase out of the use of federal guaranty agency revenues for administrative support of state-funded aid programs. The revenues from the defunct Federal Family Educational Loan Program (FFELP) are declining and will continue to do so as the existing loans are discharged.
- Increases of 5.0% for state-funded need-based scholarship and grant programs, as follows:
 - Iowa Grants - \$40,000
 - National Guard Benefits Program - \$255,000
 - All Iowa Opportunity Foster Care Grant - \$28,000
 - All Iowa Opportunity Scholarship - \$112,000
 - Iowa Tuition Grant – Nonprofit - \$2.4 million
 - Vocational Technical Tuition Grant - \$113,000
- A decrease of \$663,000 for the Iowa Tuition Grant for For-Profit Institutions.
- An increase of \$250,000 for the Skilled Workforce Shortage Tuition Grant that was funded in FY 2014 from the Skilled Worker and Job Creation Fund.
- An appropriation of \$1.3 million for College Work Study. Iowa Code provides a standing appropriation of \$2.8 million for this program, but it is frequently notwithstanding and unfunded. The last appropriation for Work Study occurred in FY 2009 in the amount of \$980,000.
- A decrease of \$37,000 to eliminate funding for the Barber and Cosmetology Grant. The Commissioners cite the cost of administering the program (\$53,500 in FY 2014) as the reason. They recommend allowing students attending eligible barber and cosmetology colleges to participate in the Vocational Technical Tuition Grant instead. Approximately 220 students from these schools could be eligible under current parameters.
- A new appropriation of \$75,000 for Postsecondary Registration and Consumer Protection. Currently, the fees collected from applicants for Postsecondary Registration are deposited to the General Fund. The new appropriation would address the administrative costs of this responsibility, including salary and benefits for two staff members.

Other Recommendations. The Commission members recommended that the six state-funded loan forgiveness/repayment programs be considered for consolidation to ensure that workforce demands are being met and programs are not duplicated. The programs to be studied for consolidation are:

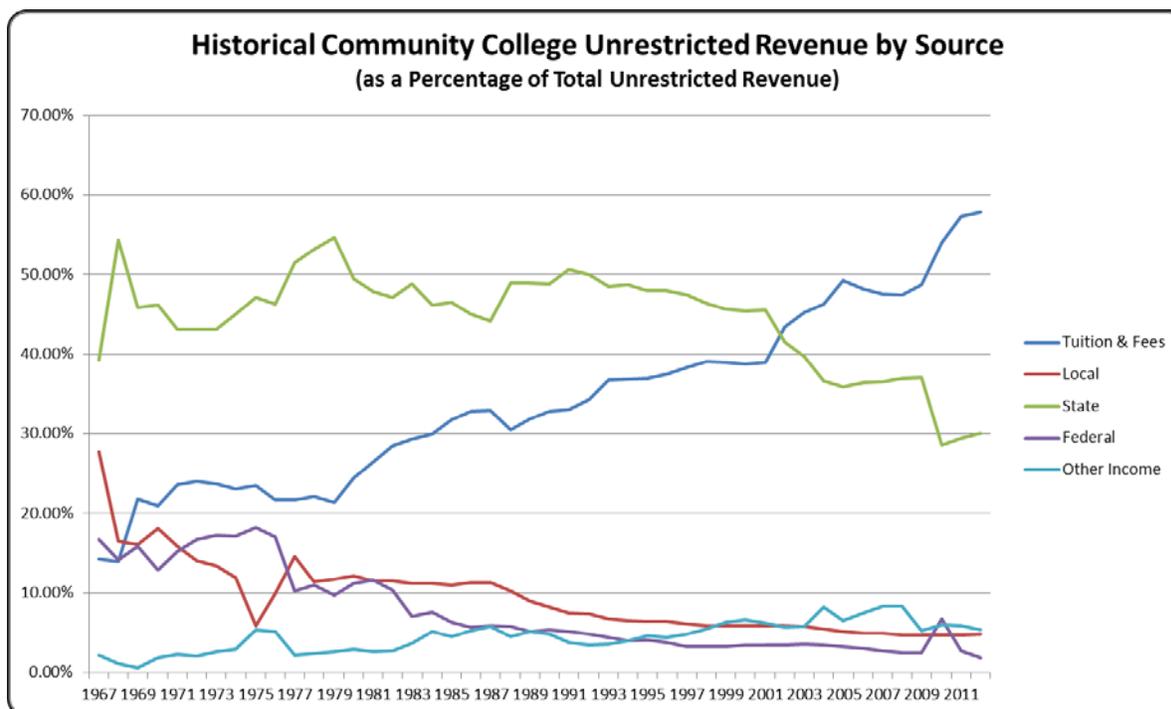
- Rural Iowa Primary Care Loan Repayment and Health Care Professional Recruitment
- Registered Nurse and Nurse Educator Loan Forgiveness and Rural Advanced Registered Nurse Practitioner and Physician Assistant Loan Repayment
- Teach Iowa Scholar Program and Iowa Teacher Shortage Loan Forgiveness

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COMMUNITY COLLEGE FUNDING 1967 – PRESENT

Original Intent. At several recent legislative meetings, it has been noted that the legislators who created the community college system in the 1960s intended a “three-legged stool” approach to funding – i.e. 50.0% of funding from State appropriations, 25.0% from tuition and fees, and 25.0% from local property tax revenue.

Actual Revenue. The following graph shows unrestricted revenue by source for the community colleges from FY 1967 to the present.



The graph shows that State funding (green line) remained between 45.0% and 55.0% until FY 2002. Tuition (dark blue line) began climbing above 25.0% around FY 1980 and became the largest source of revenue in FY 2002.

Local property tax (the 20.25-cent general levy) (red line) represented 27.7% of revenue in the initial year of FY 1967 but dropped below 20.0% the next year. It declined through the 1970s, leveled off around 11.0% to 12.0% in the 1980s, and then began steadily declining again in FY 1989.

Two other sources of unrestricted revenue, federal and other income, are included. After a decline in federal revenue through the early 1980s, the two sources have remained relatively stable as a percentage of total revenue.

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COMPETENCY-BASED EDUCATION GRANTS

Grants Awarded. The Department of Education has awarded Competency-Based Education (CBE) Grants to 10 school districts (Cedar Rapids, Collins-Maxwell, East Union, Howard Winneshiek, Marshalltown, Mason City, Muscatine, Nevada, Spirit Lake, and Van Meter). The Grants are to be used by districts to develop, implement, and evaluate competency-based education pilot and demonstration projects.

Funding. Competency-based education received a General Fund appropriation of \$425,000 for FY 2014. The appropriation allocated \$100,000 for the CBE Grant Program.

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IOWA PK-3 LITERACY REPORT

Needs Assessment. In March 2013, the Iowa Reading Research Center (IRRC) commissioned the three Regent Universities to form a consortium to conduct a Needs Assessment to determine the current status of literacy instructional practices in Iowa schools. The Needs Assessment identified existing initiatives and partnerships related to literacy programming in Iowa at the Pre-Kindergarten through third grade level (PK-3), including answering the following:

- What is the current curriculum being utilized at the universal, targeted, and intensive levels?
- What interventions are utilized at targeted and intensive levels?
- What current summer programs exist for students demonstrating deficits in the area of literacy?
- How many minutes each day are blocked for English Language Arts instruction?
- What is the certification process of classroom teachers?
- What is the availability of time to collaboratively analyze literacy data?
- What is the familiarity of staff with the Iowa Core, and what professional development activities have staff participated in around the Iowa Core?
- What professional development is available and when have teachers participated in it with regard to literacy? How many days? Content of the professional development?
- What are the Area Education Association's (AEAs) doing to support reading instruction in the schools as far as:
 - What type of professional development they have provided around the Iowa Core, reading interventions at targeted and intensive levels, and teaching reading at the universal level.
 - Which staff and how many assist schools with their work on English Language Arts (ELA).
 - What is the certification held by AEA staff?

Report. The [full report](#) and a [press release](#) were published on November 20, 2013.

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E911 WIRELESS SURCHARGE REPORT

Report. The Legislative Services Agency (LSA) received the third calendar quarter report for 2013 from the Department of Homeland Security and Emergency Management as required in [Iowa Code section 34A.7A\(3\)\(b\)](#).

Surcharge. [House File 644](#) (E911 Surcharge Equalization Act) imposed a \$1.00 surcharge on both wireless and wireline E911 programs. The Department received \$5.7 million in revenue from the E911 wireless surcharge. This is an increase of \$1.3 million compared to the previous quarter.

Rates. By law, the increased rate required a 60-day notification to all the wireless carriers and did not take effect until August 29, 2013. Only one month of the third calendar quarter was at the \$1.00 rate and other two months were at the \$0.65 rate.

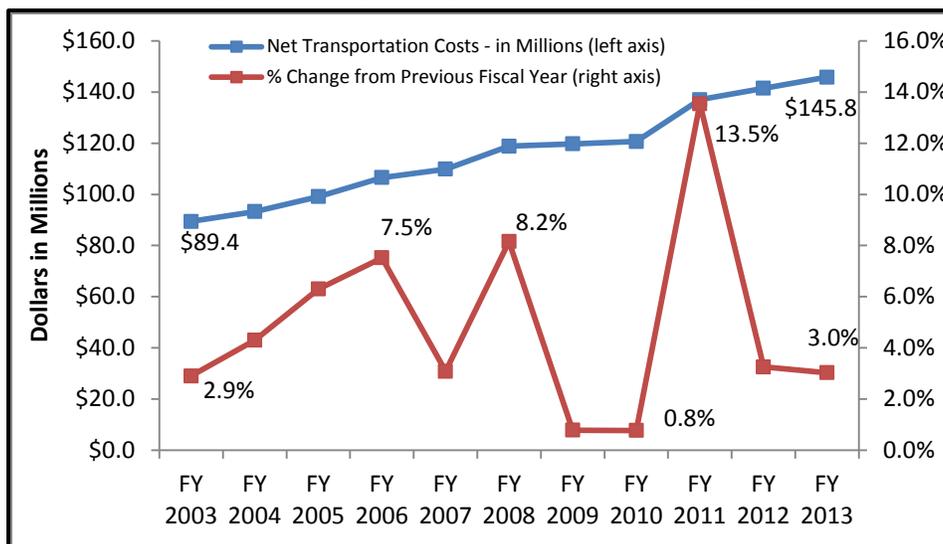
Expenditures. [Iowa Code chapter 34A.7A](#) specifies the priority order for the expenditures of the surcharge funds collected. The total expended this quarter was \$3.3 million.

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PUBLIC SCHOOL TRANSPORTATION COSTS

Costs. The Department of Education released data pertaining to FY 2013 public school transportation costs. Net transportation operating costs totaled \$145.8 million, an increase of \$4.3 million (3.0%) from the FY 2012 level. The following chart provides the net transportation costs from FY 2003 through FY 2013.

Net Transportation Operating Costs: FY 2003 through FY 2013



Aid. School districts with a net transportation operating cost per pupil that exceeds the statewide average by 150.0% are eligible to receive transportation aid granted by the School Budget Review Committee (SBRC). The aid that is available to school districts is generated from the sale of education license plates and for FY 2013, the amount totaled \$17,180.

Aid Awarded. In FY 2013, the statewide average net operating transportation cost per pupil was \$306.18 and there were 16 districts with a per pupil cost of greater than \$765.44 that were eligible to receive transportation aid. The following table lists the districts and amount of transportation aid received. The amount of transportation aid allocated from the education license plate revenue ranged from \$26 to \$3,365. Overall, the aid represented 0.3% of the net transportation operating costs for these districts.

**FY 2013 Education License Plate Revenue
 Transportation Aid Allocation Amounts by District**

District	Net Transportation Operating Cost	Average Amount Per Pupil	Transportation Aid Allocation
Albert City-Truesdale	\$ 169,060	\$ 794	\$ 247
Andrew	210,016	768	26
CAM	352,084	798	286
Corning	325,060	770	42
East Marshall	544,054	834	596
Essex	172,776	803	327
GMG	254,500	800	298
LuVerne	68,833	906	1,225
Manson Northwest Webster	591,557	936	1,488
North Kossuth	294,522	978	1,860
Prairie Valley	649,433	1,072	2,674
Sentral	166,187	1,115	3,049
Tri-County	311,863	1,151	3,365
United	255,807	782	145
Van Buren	571,476	909	1,257
Westwood	434,998	799	296
Total Allocation			\$17,180

ELECTRONIC MONITORING REPORT

Report. The Department of Corrections (DOC) filed an Electronic Monitoring Report with the General Assembly in October 2013. The report is required annually in the Justice System Appropriations Subcommittee Act.

Findings. The DOC and Community-Based Corrections (CBC) District Departments have been using electronic monitoring devices on offenders since the late 1980s. The Iowa Code was amended in FY 2006 to require electronic monitoring of offenders under supervision for offenses against a minor, including sexually violent offenses. During FY 2006, the number of offenders supervised in CBC that was on electronic monitoring increased 145.4%, from 196 to 481 offenders. By FY 2013, there were 887 offenders on some form of electronic monitoring and the majority (80.2%) is sex offenders.

Types of Systems. There are several types of systems in use in Iowa, including radio frequency, global positioning satellite (GPS), video display/breath alcohol test/radio frequency, and SCRAM (Secure Continuous Remote Alcohol Monitor). About 84.6% of offenders supervised with this technology are on GPS monitoring.

Website. See the full report for more discussion of the types of systems available, use by each CBC District Department and the DOC, and type of offense for the offenders under electronic monitoring supervision. Click here to see the full [Electronic Monitoring Report](#).

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GAMING ENFORCEMENT STUDY

Reports Filed. Section 51 of [SF 447](#) (FY 2014 Justice System Appropriations Act) required the Division of Criminal Investigation and the Iowa Gaming Association to either jointly or separately file a report with the co-chairs and ranking members and the LSA of the Justice System Appropriations Subcommittee by December 15, 2013.

Available Online. View the reports: [DCI Gaming Enforcement Study](#) and [Iowa Gaming Association Report of Casino Incidents](#).

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HOME BASE IOWA INITIATIVE

New Initiative. The Governor recently announced a new initiative to market Iowa as a place for military veterans to live after they leave the service. The public-private partnership will raise private funds to support national targeted marketing efforts to veterans, including in-person outreach, a social media campaign, and outreach through military publications.

Home Base Focus. The initiative also includes a Home Base Iowa Business component and a Home Base Iowa Community component. To become a Home Base Iowa Business, the company must pledge to hire a specific number of veterans, post their jobs on the Home Base Iowa website, and become members of the existing Skilled Iowa Program. To become a Home Base Iowa Community, 10.0% of the businesses in the designated area must be Home Base Iowa Businesses; the community must provide a unique welcome and incentive package to attract veterans to their community, and they must obtain a resolution of support from the local governing body.

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FORT MADISON MINIMUM SECURITY FACILITY

Bunkhouse. [Senate File 447](#) (Justice System Appropriations Act) includes a \$500,000 General Fund increase in FY 2014 to the Department of Corrections (DOC) for the Iowa State Penitentiary at Fort Madison to renovate or replace a bunkhouse at Farm One. The renovated facility or new building will house minimum security offenders currently housed at the John Bennett Unit at Fort Madison.

Construction. The DOC is currently working with the Department of Administrative Services (DAS) to conduct a cost analysis of the options. Since planning and design are still in process, it is unlikely the renovation or new construction will be completed in FY 2014. The DOC indicates it will seek an amendment to [SF 447](#) to permit the funding to carry over into FY 2015.

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IOWA 10-YEAR PRISON POPULATION FORECAST

Forecast. The Criminal and Juvenile Justice Planning Division (CJJPD) of the Department of Human Rights released its report entitled, "Iowa Prison Population Forecast FY 2013 – FY 2023." If current offender behaviors and justice system trends, policies, and practices remain unchanged, the prison population will be approximately 9,243 offenders on June 30, 2023, an increase of 14.4% over the next decade. The forecast is not meant to be a prediction of what will happen. Rather it serves as a tool for policymakers to review current policies, practices, and procedures.

Overcrowding. By FY 2023 and without any additional prison beds, overcrowding is expected to reach 126.4% of design capacity. This figure is based on the assumption that all of the additional beds authorized during the 2008 Legislative Session for Fort Madison and Mitchellville will be operating by FY 2023. Prison beds for women offenders is expected to be operating at 85.1% of capacity. The overcrowding is expected to occur for male prisoners, with the prisons operating at 131.3% (2,045 beds).

Construction. If the prison population reaches 9,243 inmates, two additional 800-bed prisons will need to be built, in addition to the expansions authorized at Fort Madison and Mitchellville. If two additional prisons are built over the next decade, projected design capacity will be 8,914 beds with a projected population of 9,243 offenders; the prison system would be operating at 103.7% of capacity. The cost of one 800-bed prison with a mix of medium and minimum custody levels is approximately \$95.0 million in construction costs; construction of two such prisons would be approximately \$190.0 million. Operating costs are estimated to be at least \$30.0 million annually per prison.

Factors. There are several reasons for the projected increase in the prison population:

- An increase in probation revocation admissions to prison.
- An increase of offenders convicted of Class B felonies.
- A continued rise in the sex offender population sentenced to prison.

Sex Offenders. The number of sex offenders in prison is expected to increase significantly in future fiscal years. This is primarily due to the 2005 amendments to the Criminal Code, that imposed longer sentences for certain sex offenses, as well as special sentences that are served after the original sentence is discharged. Revocation to prison from special sentences is occurring at a higher rate than originally predicted.

More Information. The [Iowa Prison Population Forecast](#) is available online.

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IPERS ACTUARIAL VALUATION

Report. The June 30, 2013, actuarial valuation of the Iowa Public Employees Retirement System (IPERS) was prepared by Cavanaugh Macdonald Consulting and presented at the Investment Board meeting on December 5, 2013. Highlights of the report include the following:

- The FY 2015 contribution rate for regular members will be 14.88%. The employer's contribution rate will be 8.93% (the same as the previous year) and the members' contribution rate will be 5.95% (the same as the previous year). The contribution rate takes effect July 1, 2014 (FY 2015). The contribution rate for the Sheriffs and Deputies will be 19.76%, the same as compared to the previous year, and is applied 9.88% to the employer and 9.88% to the employee. The contribution rate for the protection occupation group will be 16.90%, the same as the previous year, and is applied 6.76% to the employee and 10.14% to the employer.
- The actuarial accrued liability totaled \$30,498 million, an increase of \$1,052 million compared to the previous year.
- Actuarial value of assets totaled \$24.7 billion, an increase of \$1.2 billion compared to the previous year.
- Unfunded accrued liability totaled \$5.8 billion, a decrease of \$129.0 million compared to the previous year. The current funded ratio of the System is 81.0%.
- The estimated market rate of return during this time period was 10.12% for 2013. The assumed rate of return is 7.5% for the IPERS System. The actuarially determined rate of return was 7.57% in 2013 and includes a four-year smoothing factor.
- There are 165,095 active members (including regular and both Special Service groups). The average age is 45.7 and the average years of service are 11.6. The average salary is \$42,404. There are approximately 104,640 members or beneficiaries receiving an average annual benefit of \$14,883.

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JUDICIAL RETIREMENT FUND ACTUARIAL VALUATION

Report. The July 1, 2013, actuarial valuation report of the Judicial Retirement Fund was prepared by Cavanaugh Macdonald Consulting. Beginning July 1, 2009, the Judicial Council elected to amortize the unfunded actuarial accrued liability as a level dollar over a closed, 25-year period.

Findings. Highlights of the report include the following:

- The contribution rates for the State and for the members of the Judicial Retirement System are set by statute. The State's contribution rate will be 30.60% and the members' contribution rate will be 9.35% effective July 1, 2014 (FY 2015). This is no change compared to the previous year.
- The total actuarial required contribution using a 25-year closed amortization period in the 2013 valuation is lower than last year. The State's actuarial contribution rate decreased from 31.39% in the 2012 valuation to 29.70% in the 2013 valuation. The State's statutorily required contribution rate is 30.60% of pay, resulting in a contribution surplus of 0.90%.
- The actuarial accrued liability totaled \$178.7 million, an increase of \$8.5 million compared to the previous year.
- Actuarial value of assets totaled \$127.4 million, an increase of \$10.1 million compared to the previous year.
- Unfunded accrued liability totaled \$51.4 million, a decrease of \$1.6 million compared to the previous year. The current funded ratio of the System is 71.3%.
- The market rate of return during the 2013 valuation was 15.2%. The actuarial rate of return was 7.9% and includes a four-year smoothing factor.
- There are 400 members of the Judicial Retirement System of which 202 are active members. The average age of an active member is 56.47 years and the average years of service are 11.2.

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411 SYSTEM ACTUARIAL VALUATION REPORT

Report. The July 1, 2013, actuarial valuation of the 411 System was prepared by the Silverstone Group and presented at the Municipal Fire and Police Retirement System of Iowa (MFPRSI) meeting. Beginning July 1, 2011, the 411 Board elected to amortize the unfunded actuarial accrued liability as a level dollar over an open, 25-year period.

Findings. Highlights of the report include the following:

- The cities' contribution rate at 30.41% (an increase of 0.29% compared to the previous year) and the members' contribution rate at 9.40% takes effect July 1, 2014 (FY 2015). The cities' estimated contribution total is \$78.6 million, an increase of \$721,000 compared to the previous year. The employees estimated contribution total is \$24.3 million, a decrease of \$9,000 compared to the previous year.
- Actuarial accrued liability totaled \$2,518.2 million, an increase of \$24.4 million compared to the previous year.
- Actuarial value of assets totaled \$1,860.9 million, an increase of \$22.3 million compared to the previous year.
- Unfunded accrued liability totaled \$657.3 million, an increase of \$2.0 million compared to the previous year. The current funded ratio of the System is 73.90%.
- The market rate of return during this time period was 13.04% for 2013, 0.22% for 2012, and 23.15% for 2011. The assumed rate of return is 7.5% for the 411 System. The actuarially determined rate of return was 4.02% for 2013, 1.06% in 2012, and 3.20% in 2011 and includes a five-year smoothing factor that still recognizes nearly \$22.0 million in deferred loss from the 2008 plan year.
- There are 49 cities covering approximately 3,866 active members. The average age is 40.8 and the average years of service are 13.5. There are approximately 3,862 members or beneficiaries receiving an average annual benefit of \$34,500.

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PEACE OFFICER RETIREMENT SYSTEM (PORS) REPORT

Report. The July 1, 2013, actuarial valuation for the PORS was prepared by Cavanaugh Macdonald Consulting and presented at the Peace Officer Retirement (POR) System meeting. Beginning July 1, 2008, the POR Board elected to amortize the unfunded actuarial accrued liability as a level percent of pay over a closed 30-year period. As of July 1, 2013, 25 years remain.

Findings. Highlights of the valuation report include the following:

- The POR System's contribution rates are set in statute and will be as follows effective July 1, 2014 (FY 2015):
 - State: 31.0% (an increase of 2.0% compared to the previous year)
 - Member: 11.35% (an increase of 0.5% compared to the previous year)
- The first installment of an annual \$5.0 million supplemental payment began in FY 2014, and is scheduled to continue until the Fund reaches 85.0% funded.
- The current contribution rate shortfall (for FY 2014) is 1.11% or \$6.9 million. The \$5.0 million supplemental contribution would be equal to approximately 11.37% of pay that reduced the contribution rate shortfall to 1.11% or \$1.9 million for FY 2014.
- The actuarial accrued liability totaled \$498.5 million, an increase of \$18.3 million compared to the previous year.
- Actuarial value of assets totaled \$319.4 million, an increase of \$26.5 million compared to the previous year.
- Unfunded accrued liability totaled \$179.0 million, a decrease of \$8.0 million compared to the previous year. The current funded ratio of the System is 64.1%.
- The market rate of return for the 2013 valuation was 15.5% while the actuarial rate of return was 11.9%. The market rate of return for the 2012 valuation was -2.5% while the actuarial rate of return

was 4.3%. The assumed rate of return is 8.0% for the POR System. The actuarially determined rate includes a four-year smoothing factor.

- There are approximately 599 active members and 555 retired members. The average age of an active member is 41.2 and the average years of service are 15.9. The average age of a retired member is 69.8 and the average annual benefit is \$44,900.

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VETERANS TRUST FUND UPDATE

Fund Balance. As of November 30, 2013, the Veterans Trust Fund Balance was \$18.8 million. The total principal balance was \$18.3 million. The total remaining amount for expenditure (including the interest income and the lottery transfer) is approximately \$324,000. Expenditures to date for FY 2014 totaled approximately \$73,000.

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AUDIO FISCAL TOPICS

Audio Fiscal Topics. The LSA has recently published new audio fiscal topics. These audio interviews can be accessed online at: <https://www.legis.iowa.gov/publications/fiscal/fiscalOneOnOne>

New Topics. The new topics include:

- **Title** – Fish and Wildlife Trust Fund
Description – Interview by Adam Broich (LSA Fiscal Analyst) with Chuck Corell, Division Administrator with the Conservation and Recreation Division, with the Department of Natural Resources regarding the Fish and Wildlife Trust Fund including the Fund history, revenues, and expenditures.
- **Title** – State and Federally Declared Disasters
Description – Interview by Jennifer Acton (LSA Senior Fiscal Analyst) with John Benson, Communications Bureau Chief, with the Department of Homeland Security and Emergency Management regarding the differences between a State and federally declared disaster and the Department of Homeland Security and Emergency Management's role in mitigating the disaster.

Sign up. Sign up on the [Legislative Subscriptions](#) webpage to receive e-mail alerts when new Fiscal One-on-Ones are published.

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IOWA RIVERS AND WATERWAYS STUDY COMMITTEE

Meeting Summary. The Iowa Rivers and Waterways Study Committee met on December 10 in Des Moines. The Study Committee was chaired by Senator Dearden and Representative Hein and the following speakers made presentations:

- Mike Steuck, Manchester Fisheries Management Office, Department of Natural Resources (DNR), discussed the benefits related to the environment and habitat when improving Iowa waterways.
- Nate Hoogeveen, Director of Rivers Programs, DNR, discussed current programs at the DNR related to Iowa waterways and the economic benefits derived from various projects.
- Jim Gillespie, Director, Soil Conservation Division, Department of Agriculture and Land Stewardship (DALS), discussed various soil conservation projects related to Iowa waterways and the benefits to the environment.
- Larry Gullett, Johnson County Conservation Board, discussed the need for education and training at the local level to improve Iowa waterways.
- Jerry Peckum, Iowa Rivers Revival, discussed the need for a program that would provide education and outreach for Iowa waterway projects.

- Todd Sutphin, Iowa Soybean Association, discussed various environmental programs related to Iowa waterways.
- Marty Melchior, Interfluve, discussed river improvement programs in other states and benefits from improving waterways.
- Mike McGhee and Todd Bishop, Lake Restoration, DNR, discussed current programs at the DNR for improving Iowa lakes and the financing resources involved for improving lakes.
- Mimi Wagner, River Restoration Consultant and Associate Professor, Iowa State University, discussed stream assessment protocol.
- Tom Brownlow, City Administrator of Charles City, discussed the Riverfront Park project that was completed in Charles City and the benefits from completing the project.
- Wayne Petersen, DALs, discussed the importance of stream corridor stabilization in urban areas.
- Jody Kerns, private landowner, discussed a floodplain project completed several years ago and the benefits derived from the project.
- Eric Boehm, private landowner, discussed a project completed on Brush Creek and the benefits from the project.

Recommendations. The members of the Study Committee agreed to meet in January 2014 to make recommendations. For additional information see the [Study Committee website](#).

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WATER QUALITY INITIATIVE UPDATE

FY 2014 Funding. [House File 648](#) (FY 2014 Bond Repayment and Supplemental Appropriations Act) provided a FY 2013 supplemental General Fund appropriation of \$20.0 million for the Water Quality Initiative Program that is being administered by the Department of Agriculture and Land Stewardship (DALs). Of that amount, \$10.0 million was for water quality projects, \$7.0 million was for additional funding to the Soil Conservation Cost Share Program, and \$3.0 million was for the Watershed Improvement Review Board. The following is a summary of the funding as of December 6, 2013:

Water Quality Projects – \$10.0 million

Statewide practices – \$3.0 million. As reported in the [September 4, 2013, Fiscal Update](#), \$2.8 million was allocated across the state for four different conservation practices. Funding was available to landowners to encourage them to try one of the practices. Landowners could receive cost share funding for up to 160 acres. The following is a list of the four practices and the number of acres covered:

- 109,415 acres in cover crops at a rate of \$25 per acre.
- 2,675 acres using no-till and 1,268 acres using strip-till at a rate of \$10 per acre.
- 7,321 acres using nitrapyrin nitrification inhibitor at a rate of \$3 per acre.

Targeted watersheds – \$7.0 million. The DALs was instructed to allocate funds for demonstration practices in the targeted watersheds. On [December 6, 2013](#), the DALs announced that eight watershed projects were funded for a total of \$4.1 million. An additional \$8.0 million in funding will be used for these projects. The following projects were awarded:

- Benton/Tama Nutrient Reduction Demonstration Project. The grant award was \$468,000 and the total project is \$747,000.
- Boone River Watershed Nutrient Management Initiative. The grant award \$1.0 million and the total project is \$1.8 million.
- Central Turkey River Nutrient Reduction Demonstration Project. The grant award is \$498,000 and the total project is \$5.5 million.
- Demonstration of Targeted Nutrient Reduction Systems for Clayton County. The grant award is \$207,000 and the total project is \$333,000.
- Miller Creek Water Quality Improvement Project. The grant award is \$500,000 and the total project is \$752,000.
- Van Zante Creek Water Quality Improvement Project. The grant award is \$640,000 and the total project is \$1.5 million.
- West Branch of the Floyd River Water Quality Initiative. The grant award is \$360,000 and the total project cost is \$608,000.

- West Fork Crooked Creek Water Quality and Soil Health Initiative. The grant award is \$484,000 and the total project is \$867,000.

Soil Conservation Cost Share – \$7.0 million

On July 1, 2013, 60.0% of the funding was allocated to the Soil and Water Conservation Districts after taking out the amounts for complaint administration and the publicly-owned lake as directed in HF 648. On September 1, 2013, a supplemental allocation to the Soil and Water Conservation Districts was made with remaining funds. This was in addition to the \$6.7 million that was appropriated to the DALs from the Environment First Fund.

Watershed Improvement Review Board (WIRB) Grants – \$3.0 million

Of the \$3.0 million appropriation, the legislation required \$1.5 million to be awarded for grants that support the Water Quality Initiative (WQI). The WIRB met on November 8, 2013, and awarded 10 grants totaling \$2.3 million. Of that amount, \$1.3 million were for WQI projects that included:

- Rathbun Lake – \$144,000
- Silver Creek – \$240,000
- Mosquito Creek – \$279,811
- Honey Creek-Lindsey Creek-Dry Run Creek – \$60,000
- Yellow River Headwaters – \$300,000
- West Fork Middle Nodaway River – \$298,563
- Central Park Lake – \$121,698
- Hurley Creek/McKinley Lake – \$300,000
- Clear Creek Watershed – \$263,540
- Gere Creek – \$299,942

Additional Information. Refer to the [DALs website](#) for Program updates.

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AUDIT OF COMMUNITY-BASED CORRECTIONS DISTRICT DEPARTMENTS

Report. The Office of the Auditor of State released a combined report of the eight Community-Based Corrections (CBC) District Departments. Highlights include:

Findings. Across the eight CBC District Departments, there were findings related to internal control of check disbursements, bank reconciliations, collections and receipts of group meeting fees, the Generally Accepted Accounting Principles (GAAP) package, capital asset tracking and reporting, accounts receivable reconciliation, segregation of duties, and residential bank reconciliation (the CBC District Departments serve as the fiduciary of offender funds while the offenders live at the residential facilities). Additional findings related to internal control include inaccurate accrual activity reporting, payroll, and service contracts. There were findings related to statutory requirements of unclaimed property in several District Departments.

Questionable Expenditure. There was a finding of a questionable expenditure in the Sixth CBC District Department. An Attorney General's opinion dated April 25, 1979, defines public purpose. The District Department paid \$101 for food from Walmart for a staff picnic. The combined report states: "The line to be drawn between a proper and improper purpose is very thin."

Review. A review of the Sixth CBC District Department's financial system and the relationship with a nonprofit organization, Community Corrections Improvement Association (CCIA) is being conducted. Any findings will be reported after the review is complete.

Online. View the report at: <https://www.legis.iowa.gov/LSAReports/reportsFiled.aspx>

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STATE APPEAL BOARD MEETING

November Meeting. The State Appeal Board met November 5, 2013, at the State Capitol. They approved:

- General claims filed under Iowa Code chapter [25](#). The State Appeal Board approved one claim for \$405 and denied six claims that totaled approximately \$55,000.
- Tort claims filed under Iowa Code chapter [669](#). The State Appeal Board approved two claims for \$25,400 and denied claims in the amount of approximately \$47.9 million.

Settlements. The Board approved two new judgments by the Attorney General's Office to settle lawsuits:

- A lawsuit was filed alleging medical negligence at the University of Iowa Hospitals and Clinics. The plaintiff alleged that a spinal tap led to paralysis in his lower back and legs. The State agreed to settle the claim for \$1,750,000 with the State paying \$700,000 and the remainder to be paid by the University of Iowa Physicians.
- A lawsuit was filed alleging wrongful discharge from employment, retaliation, and contract and quasi-contract claims. The plaintiff is a former employee of the Polk County District Court. The State agreed to pay \$125,000 as follows: \$53,000 for emotional distress, \$57,000 for attorney fees and costs, and \$15,000 for lost wages.

December Meeting. The Board met December 2, 2013, at the State Capitol. They reviewed and approved:

- A request from the 76 Township Trustees to transfer \$6,000 from its Insurance Account to its Hall Account. This request permits the Township to renovate its Hall to meet handicapped access requirements. The funds are available to transfer due to levying, over a period of years, about twice as much as required for insurance premiums. The levy amount has been reduced to prevent excess accumulation of funds in its Insurance Account.
- An update from the Department of Administrative Services (DAS) 2013 vehicle risk program. The DAS contracts with a third party, Holmes Murphy/Creative Risk Solutions to improve administration of risk management.
- An amendment to Iowa Code section [24.32](#) to provide more flexibility in the time line for local government budgets.
- General claims filed under Iowa Code chapter [25](#). The State Appeal Board approved about \$116,500 and denied claims that totaled approximately \$13,000. One of the approved claims was a \$98,600 payment to the Internal Revenue Service (IRS) in back taxes for the State Employee Retirement Incentive Program (SERIP). There may be future payments due to the IRS.
- Tort claims filed under Iowa Code chapter [669](#). The State Appeal Board approved one claim for \$28,600 and denied claims in the amount of approximately \$34.7 million. One claim for \$450,000 was withdrawn.

Settlements. The Board approved three new judgments by the Attorney General's Office to settle lawsuits:

- A lawsuit was filed alleging University of Iowa (UI) was negligent in managing a rental property (house); that it contained mold, was unfit for habitation, and the tenant alleged personal injuries and property damage. A settlement was reached through court-ordered mediation to pay the plaintiff \$25,000. Of this amount, \$10,000 will be paid by the State, \$2,500 will be paid by UI, and \$12,500 will be paid from Heritage Property Management.
- A lawsuit was filed alleging medical negligence at the University of Iowa Hospitals and Clinics (UIHC) for failing to diagnose and treat a patient's diabetes. The settlement is \$1.5 million with the State's share calculated at \$750,000. The remaining \$750,000 will be paid from the self-insured physician's fund.
- A lawsuit was filed by an Iowa woman offender alleging claims of sex discrimination and retaliation in employment. The Civil Rights Commission dismissed the complaint. The attorney appealed to the Iowa Supreme Court that ruled prisoners can file employment complaints under Iowa Code chapter [216](#) (Iowa Civil Rights law). Under the settlement, the State will pay the plaintiff \$25,000 and the plaintiff's attorney \$46,000.

Next Meeting. The next meeting of the State Appeal Board is scheduled for January 14, 2014.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION MEETING

November Meeting. The Iowa Telecommunications and Technology Commission (ITTC) met on November 14, 2013. The following items are highlights from the meeting discussion. For more information, refer to the ITTC section of the Iowa Communications Network (ICN) website at: <http://icn.iowa.gov/about-icn/commission>.

ICN 2.0. The ICN 2.0 effort is reinventing and repurposing the ICN to provide high-tech broadband services in Iowa through public-private partnerships. The main premise proposed for these partnerships is that the ICN will offer a percentage of the ICN unused bandwidth potential as a wholesale asset for the private sector to access underserved or unreached areas. The ICN will operate middle mile fiber routes and segments of bandwidth potential and make those available via the wholesale agreements to private sector carriers. The private sector carriers will have increased economic opportunity and Iowans will have improved broadband services through this network. The ICN has been presenting the concept to stakeholders, including the private telecommunications companies and other industry members, the Governor's office, and the STEM Advisory Council's Broadband Committee.

Legislation. In order to implement ICN 2.0, some legislative changes have been proposed, including enabling "wholesale" activities under the Iowa Code chapter [8D](#) that relates to the ICN.

Presentation. For additional information see the presentation on ICN 2.0 that was made to the STEM Advisory Council's Broadband Committee in November 2013: http://icn.iowa.gov/sites/default/files/documents/stem_broadbandpresentation.pdf.

New Products. The ICN is launching unified communications services via various OpenScape Voice (OSV) products, providing Voice over Internet Protocol (VOIP) technology. There are four products the ICN has launched for state government authorized users including OSV Analog, OSV Essential, OSV Premium, and OSV Contact Centers. For additional details see the OSV page on the ICN website: <http://icn.iowa.gov/services/voicephone/openscape-voice>.

STAFF CONTACT: Dwayne Ferguson (515-281-6561) dwayne.ferguson@legis.iowa.gov

PUBLIC SAFETY ADVISORY BOARD MEETING

Meeting. The Public Safety Advisory Board met November 20, 2013, at Polk County River Place. The Board reviewed and discussed drafts of:

- "Analysis of the 70.0% Mandatory Minimum Sentences in Iowa."
- "Analysis of Child Kidnapping in Iowa."
- "Analysis of Earned Time."
- "Public Safety Advisory Board Report to the Iowa General Assembly." This report is due to be published December 1, 2013.
- "Juvenile Lifers."

Request. The Board also reviewed and discussed the draft report requested by Representatives Chip Baltimore and Mary Wolfe for information regarding the special sentence and Sex Offender Registry.

Next Meeting. The Board is scheduled to meet on May 14, September 24, and November 19 in 2014.

Materials. Background information and materials distributed at the meeting are available at: <http://www.humanrights.iowa.gov/cjip/psab/index.html>.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

CRIMINAL AND JUVENILE JUSTICE PLANNING ADVISORY COUNCIL MEETING

Meeting. The Criminal and Juvenile Justice Advisory Council met November 20, 2013, at Polk County River Place. Dr. Paul Stageberg updated the Council on recent activities of the Criminal and Juvenile Justice Planning Division (CJJPD):

- Working with Georgetown University on the research for the Juvenile Justice Reform and Reinvestment Initiative (JJRRI) that is funded by the Standardized Program Evaluation Protocol (SPEP) grant received from the U.S. Department of Justice (U.S. DOJ).
- Working with the State Court Administrator's Office to enable the juvenile detention scoring tool to be housed online as part of the Iowa Court Information System (ICIS).
- The research portion of Iowa's Second Chance Act grant application was not funded, so the CJJPD plans to file a protest with the U.S. DOJ. The federal agency intends to contract with one research agency on a national basis.
- Working on an evaluation of the enhanced drug courts for adult offenders and Family Drug Courts for juveniles.
- Working with the U.S. DOJ on a site visit related to Bureau of Justice Statistics (BJS) funding. The CJJPD receives about \$75,000 annually from the BJS to serve as the State's Statistical Analysis Center.
- Working on a school-to-court initiative (student discipline) with the State's two largest school districts.
- Working primarily with the Department of Public Safety on the Criminal Justice Information System (CJIS). Also, the CJJPD has entered into a Memorandum of Understanding (MOU) with the Department to work on the Uniform Crime Report with 2011 data.
- Staffing issues. The CJJPD received additional funding to hire one staff position. The Department of Management just recently approved filling the position. One staff that works on the Justice Data Warehouse (JDW) is planning on quitting. The CJJPD may contract for service or fill the position. The Division continues to develop data mining of the CJIS and JDW.
- Publishing the prison population forecast. In the short term, the prison population has been decreasing, primarily due to conditional releases by the Board of Parole. In the long term, the prison population is expected to increase, primarily due to mandatory minimum terms of certain offenses as well as the sentencing structure for offenders convicted of sex offenses (enhanced penalties increases the length of stay in prison for certain sex offenders, and violations of the special sentence is resulting in more sex offenders being revoked to prison).

Report. The Advisory Board reviewed and discussed the draft of the State Legislation Monitoring Report that is due to the General Assembly by December 2013. The report includes analysis of:

- Criminal sentencing changes for synthetic drugs and aggravated theft.
- Residential treatment backlog.
- 70.0% crimes where at least 70.0% of the sentence must be served in prison before the offender is eligible to be considered for conditional release by the Board of Parole.
- Enhanced penalties for domestic abuse involving strangulation.
- Recidivism related to the July 2011 Iowa Supreme Court ruling in Anderson v. State of Iowa.
- Changes to the child pornography statute.
- DNA legislation that takes effect in FY 2015.
- Recent changes to the crime of interference with official acts.

Website. The report will be available on the CJJPD's website at <http://www.humanrights.iowa.gov/cjip/index.html>.

Future Meetings. The Board plans to meet on May 14, September 24, and November 19 in 2014.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

BOARD OF CORRECTIONS MEETING

Meeting. The Board of Corrections met November 22, 2013, at the Waterloo Women's Center for Change. Acting Chair Reverend Michael Coleman welcomed everyone to his community. First Community-Based District Director Karen Herkelman welcomed the Board, staff, and guests. She invited everyone to stay for the ribbon cutting ceremony for the new facility (Waterloo Women's Center for Change). The District Department plans to accept residents at the facility on December 3, 2013. The District Department supervises approximately 4,700 offenders; 68.0% are on probation supervision.

Director's Update. Department of Corrections (DOC) Director John Baldwin updated the Board on recent events, including the ribbon cutting ceremony at the Iowa State Penitentiary at Fort Madison, the graduation of culinary students at the Rockwell City prison, and the celebration for staff length of service at the Anamosa State Penitentiary. The Director indicated the telepsychiatry program is in place and serving Dubuque and Fort Dodge. The DOC received \$398,000 in new funding to create a telepsychiatry unit at Oakdale to provide psychiatric services to offenders at other prisons and under CBC supervision. Offenders released from prison usually wait 90 to 100 days before receiving psychiatric services in their community.

Detention. The Director stated Departments of Corrections across the country are working with the Yale School of Law regarding the use of disciplinary detention. The disciplinary detention policies and procedures are being reviewed, including criteria for placement and length of stay in detention.

Earned Time. Mr. Fred Scaletta provided an overview to the Board on how the earned time law works. Offenders receive earned time that reduces their length of correctional supervision. The amount of earned time varies by offense.

Next Meeting. The Board is scheduled to meet January 16, 2014, after the Iowa Corrections Association's Legislative Breakfast.

Website. Addition information is available on the DOC's website at: <http://www.doc.state.ia.us/>.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

MEETINGS MONITORED

Meetings Monitored. The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
State Appeal Board	November 5, 2013 December 2, 2013	Beth Lenstra (281-6301)
Administrative Costs in Higher Education Study Committee	November 5, 2013	Robin Madison (281-5270)
Watershed Improvement Review Board	November 8, 2013	Deb Kozel (281-6767)
State Historical Society of Iowa Board	November 13, 2013	Kent Ohms (725-2200)
Natural Resource Commission	November 14, 2013	Deb Kozel (281-6767)
Iowa Workforce Development Board	November 14, 2013	Kent Ohms (725-2200)
Iowa Telecommunications and Technology Commission	November 14, 2013	Marcia Tannian (281-7942)
Honey Creek Premier Destination Park Authority	November 14, 2013	Marcia Tannian (281-7942)
College Student Aid Commission	November 15, 2013	Robin Madison (281-5270)
Iowa Skilled Worker and Job Creation Fund Study Committee	November 19, 2013	Robin Madison (281-5270) Kent Ohms (725-2200)
Environmental Protection Commission	November 19, 2013	Deb Kozel (281-6767)
Water Resource Coordinating Council	November 20, 2013	Deb Kozel (281-6767)
Flood Mitigation Board	November 21, 2013	Deb Kozel (281-6767)
Criminal and Juvenile Justice Planning Advisory Council	November 20, 2013	Beth Lenstra (281-6301)

Meeting	Date	Staff Contact
Public Safety Advisory Board	November 20, 2013	Beth Lenstra (281-6301)
Board of Corrections	November 22, 2013	Beth Lenstra (281-6301)
Iowa Economic Development Authority	November 22, 2013	Kent Ohms (725-2200)
Watershed Improvement Review Board	December 2, 2013	Deb Kozel (281-6767)
E911 Communications Council	December 4, 2013	Jen Acton (281-7846)
Iowa Statewide Interoperable Communications System Board	December 4, 2013	Jen Acton (281-7846)
IPERS Investment Board	December 5, 2013	Jen Acton (281-7846) Dave Heuton (725-0509)
Criminal Justice Information System (CJIS) Committee Meeting	December 5, 2013	Beth Lenstra (281-6301)
State Soil Conservation Committee	December 5, 2013	Deb Kozel (281-6767)
Public Retirement Systems Committee	December 11, 2013	Jen Acton (281-7846) Dave Heuton (725-0509)
Natural Resource Commission	December 12, 2013	Deb Kozel (281-6767)
Legislative Fiscal Committee	December 13, 2013	Dave Reynolds (281-6934) Mary Shipman (281-4617)
Iowa Arts Council	December 13, 2013	Kent Ohms (725-2200)

This document is available online at: <https://www.legis.iowa.gov/publications/fiscal/fiscalUpdate>