

# REPORT OF THE FISCAL COMMITTEE TO THE LEGISLATIVE COUNCIL

August 2, 2000 – State Capitol Building, Des Moines

September 6, 2000 – State Training School, Eldora

September 26, 2000 – Oakdale Campus, University of Iowa, Iowa City

November 15, 2000 – State Capitol Building, Des Moines

December 6, 2000 – State Capitol Building, Des Moines

The Fiscal Committee has met five times since the June 27, 2000, Legislative Council meeting.

## The Committee took the following action:

- At the November 15 meeting, the Fiscal Committee passed a motion directing the Human Services Appropriations Subcommittee to consider the complaints with respect to Consultec and Durable Medical Equipment providers. The Subcommittee is to consider the complaints during the first week of the 2001 Legislative Session and bring back a recommendation to the Fiscal Committee. The Legislative Fiscal Bureau will notify the subcommittee appropriations chairpersons and members of this directive.

The following topics/issues were addressed at the meetings. More information on any of these topics is available from the Legislative Fiscal Bureau.

- Dennis Prouty, Director of the Legislative Fiscal Bureau, provided regular revenue updates at all the meetings.
- The Committee received notices of appropriations transfers and lease purchases. The following FY 2000 appropriations transfers were discussed:

| Dollars Transferred | Department/Div. Transferred To         | Amount     | Department/Division Transferred From |
|---------------------|--|------------|--------------------------------------|
| \$ 4,377,678        | Human Services -<br>Medical Assistance | \$ 100,000 | Attorney General                     |
|                     |  | 1,070,000  | Department of Commerce               |
|                     |  | 1,439,000  | Department of Corrections            |
|                     |  | 50,000     | Dept. of Economic Development        |
|                     |  | 250,000    | Department of Education              |
|                     |  | 260,000    | Dept. of General Services            |
|                     |  | 677,678    | Dept. of Inspections & Appeals       |
|                     |  | 281,000    | Department of Management             |
|                     |  | 50,000     | Dept. of Natural Resources           |
|                     |  | 50,000     | Department of Public Health          |
|                     |  | 100,000    | Department of Public Safety          |
|                     |  | 50,000     | Dept. of Revenue & Finance           |
| 2,500               | Ethics & Campaign Disclosure           | 2,500      | Dept. of Inspections & Appeals       |
| 13,900              | IPERS                                  | 13,900     | Dept. of Economic Development        |

| Dollars Transferred | Department/Div. Transferred To                                    | Amount   | Department/Division Transferred From                 |
|---------------------|---|----------|--|
| \$ 7,000            | Public Employment Relations Board                                 | \$ 7,000 | Dept. of Economic Development                        |
| 15,000              | Governor's Office   | 15,000   | Department of Management                             |
| 170,000             | Dept. of Agriculture & Land Stewardship – Administrative Services |          | Dept. of Agriculture & Land Stewardship              |
|                     |   | 27,000   | Dairy Trade Practices                                |
|                     |   | 48,000   | Dairy Prod. Control                                  |
|                     |   | 62,000   | Fertilizer   |
|                     |   | 10,000   | Commercial Feed                                      |
| 73,000              | Dept. of Natural Resources – Parks Division                       | 55,000   | Dept. of Natural Resources – Administration Division |
| 18,000              | Dept. of Natural Resources  | 18,000   | Environmental Division                               |

- The following lease-purchase acquisitions were discussed:

| Lease-Purchase Dollars | Department   | Explanation   |
|------------------------|--|---|
| \$ 199,000             | Auditor of State   | Purchase of remanufactured modular components for the Auditor's Office. |
| 170,000                | Iowa State University (ISU)  | Replace outdated housing at Lakeside Laboratory.                        |
| 226,000                | Dept. of Revenue & Finance   | Purchase of desktop computers.  |
| 181,000                | Department of Public Safety – Division of Criminal Investigation & the Administrative Division | Purchase of 56 personal computers and four files servers.               |

- The Committee received periodic updates on the activities of the Tobacco Settlement Authority (Tobacco Securitization), the Vision Iowa Program, and the Community Action and Tourism Program (CAT). Phil Buchan, Director of the State/Federal Office in Washington, D.C., also provided an update on federal budget action at the August and December meetings.

The following topics/issues were addressed at the meetings. More information on any of these topics is available from the Legislative Fiscal Bureau and materials distributed to the Committee related to these topics are maintained at the LFB office and are available upon request.

**August 2 Meeting:**

- Update on Fort Dodge Prison, Beth Lenstra, LFB; & John Baldwin, Department of Corrections.
- *Issue Review* – Vision Iowa Program. Discussion concerning the Vision Iowa Program and Community Action and Tourism (CAT) Fund, Dwayne Ferguson, LFB; and Nancy Landess, Tourism Director, Department of Economic Development.
- *Issue Review* - School Infrastructure Program, Robin Madison, LFB; and Ann McCarthy, Department of Education.
- Underfunding of health insurance costs & the use of insurance reserves, Randy Bauer, Budget Director, Department of Management. Because of stronger than anticipated utilization, State health insurance costs increased 17% effective July 1, 2000. This increase was unbudgeted and the FY 2000 cost is to be absorbed by the departments. Wellmark health insurance premiums are also scheduled to increase an additional 17% on January 1, 2001.

**September 6 Meeting:**

- Update on salary adjustment, Randy Bauer, Budget Director, Department of Management.
- Update on federal funds received by the Department of Human Services, Deb Anderson & Sue Lerdal, LFB.
- *Issue Review* - Update on Children's Health Insurance Program, Deb Anderson, LFB.
- *Issue Review* - School Liaison Program, Sue Lerdal, LFB.
- Report on relocation of 30 boys at Toledo, Jeff Terrell, Bureau Chief, Adult, Children, and Family Services, DHS.
- Presentation by Eldora Superintendent Steve Huston.
- Obtaining outside critiques of certain aspects of State government.
- Toured Corbett-Miller Building; A. E. Shepherd Building; Arlene Dayhoff Education Complex.

**September 26 Meeting:**

- Tour of selected buildings on SUI campus:
  - Windshield tour of the Medical Education and Biomedical Research Facility.
  - Tour Art and Art History Building.

- Tour Seamans Center for Engineering.
- Tour Biology Building East.
- **Issue Review** – Board of Regents Fire and Environmental Safety, Mary Shipman, LFB.
- **Issue Review** – Board of Regents Deferred Maintenance, Mary Shipman, LFB.
- Update on salary adjustment, Randy Bauer, Budget Director, Department of Management.
- **Issue Review** – Iowa's Teacher Salaries, Shawn Snyder, LFB, and Robin Madison, LFB.
- Board of Regents Treasurer's Temporary Investments, Mary Shipman, LFB.
- Board of Regents Indirect Cost Recovery, Mary Shipman, LFB.
- Board of Regents Proposed Tuition Increases, Mary Shipman, LFB.
- Board of Regents Budget Ceiling Adjustments, Mary Shipman, LFB.
- **Issue Review** - Local Option Sales Tax Administrative Fee, Ron Robinson, LFB.
- Update on insurance costs, Susan Voss, Iowa Insurance Division; Steve Smith, Department of Personnel; Marla Naumann and Sandie Smitherman, Wellmark.

#### **November 15 Meeting:**

- Initial Estimate of FY 2002 Built-in Increases, Dave Reynolds, LFB.
- Programs and Incentives for Businesses and Economic Development, Dwayne Ferguson, LFB.
  - Dr. Prem, S. Paul, Associate Vice Provost for Research, Iowa State University.
  - Mary Lawler and Bob Henningsen, Department of Economic Development.
- Human Services Issues
  - Medicaid Drug Rebates, Deb Anderson, LFB.
  - Generic Medication Utilization in Iowa Medicaid, R. Joe Mahrenholz, Pharmacist Consultant, Iowa Medicaid; and Cheryl Clark, Iowa Pharmacy Association.
- Follow-up on Salary Adjustment Questions, Ron Robinson, LFB.
- Consultec and Durable Medical Equipment Reimbursement, Deb Anderson, LFB; Bill Brookhart, Jackson Medical Supply, Winterset; and Jerry Ackerman, Hanger/Dale Clark Orthotics and Prosthetics, Waterloo. Brookhart and Ackerman are providers of medical equipment. A motion was made stating the Fiscal Committee directs the Human Services Appropriations Subcommittee to consider the complaints with respect to Consultec and Durable Medical Equipment providers during the first week of the 2001 Legislative Session and bring back a recommendation to the Fiscal Committee. This motion was approved.
- Hawk-I Outreach and Medicaid Enrollment, Deb Anderson, LFB.
- Relationship between Medicaid and Indigent Care, Sue Lerdal and Mary Shipman, LFB. A request was made for additional information as to why the Request for Proposal

regarding enhanced claims has not been issued 11 months after it was passed by the 2000 Legislature.

**December 6 Meeting**

- Summary Report on State Indebtedness, Dave Reynolds, LFB.
- Salary Adjustment/Insurance Reserves – impact of the shortfall in FY 2001, Ron Robinson, LFB.
- Medicaid Enhanced Claiming follow-up, Randy Bauer, Budget Director, Department of Management; Karla McHenry, Department of Human Services; and Stacey Cyphert, Assistant Director of Statewide Health Services, University of Iowa Hospitals and Clinics.
- Governor's Budget Priority Hearings, follow-up from November 15 meeting concerning FY 2000 costs and projected FY 2001 costs.
- ***Issue Review*** - Interagency Billings, Christina Schaefer, LFB.
- Education Funding Per Pupil, Mary Shipman, LFB.
- Teacher Recruitment and Retention Incentives, Robin Madison and Mary Shipman, LFB.
- ***Issue Review*** - Declining Enrollments and Budget Guarantee, Shawn Snyder, LFB.
- ***Issue Review*** - Senior Living Program and Acuity Based Nursing Facility Reimbursement, Deb Anderson, LFB.
- Iowa Agricultural Finance Corporation, an update on accomplishments of the past year, including a discussion of earnings, expenditures, and the Corporation's return on investment. Duane Acker, Board Chairman, Steve Morain, Leslie Miller, Bill Horan, Board of Directors; and Dan Winegarden, President.
- Advanced Research and Commercialization Program (ARC), Bob Henningsen, Department of Economic Development.
- Coordination of business/incentive/training programs, Dwayne Ferguson, LFB. LFB discussion of pursuing outside critique of the coordination of economic development programs.
- Terrace Hill – recent garage construction, Dave Cordes, Terrace Hill Administrator; and Bob Helmick, Chair of the Terrace Hill Commission.
- Department of Transportation, Rest Area Construction, Mark Masteller, Chief Landscape Architect, Department of Transportation.

Respectfully submitted,

Senator Derryl McLaren  
Co-chairperson

Representative Dave Millage  
Co-chairperson