

## **REPORT OF THE FISCAL COMMITTEE TO THE LEGISLATIVE COUNCIL**

**September 28, 1999 – Memorial Union, Iowa State University**

**October 27, 1999 – Wallace State Office Building, Des Moines**

**December 8, 1999 – State Capitol Building, Des Moines**

The Fiscal Committee has met three times since the September 30, 1999, Legislative Council meeting.

### **The Committee took the following action:**

- At the October meeting, the Committee approved a \$625,000 lease purchase agreement entered into by the Department of General Services (Information Technology Services [ITS]) for the Justice Data Warehouse. This was an extension of an original \$964,000 lease for the Warehouse, also entered into by ITS. The lease purchase is for additional hardware capacity to the Warehouse to accommodate the Department of Human Services and the Department of Revenue and Finance, in addition to the Criminal and Juvenile Justice Planning Division of the Department of Human Rights.

Since the total of both lease purchase agreements exceeds \$1,000,000 in one Fiscal Year, and the Legislature is not in Session, the Fiscal Committee exercised the authority delegated to it by the Legislative Council and approved the lease purchase on a vote of seven to one.

- At the December meeting, the Fiscal Committee voted to direct the Fiscal Bureau to issue a subpoena to Mr. Daniel Pitts Winegarden, President, Agricultural Finance Corporation, to appear before the Fiscal Committee and provide requested information. The Agricultural Finance Corporation received a \$25.0 million interest free loan from the State beginning in FY 1999 and committee members expressed frustration no loans had yet been made to farmers. Mr. Winegarden had not provided requested information and declined to attend the December meeting.

### **The following lease-purchase acquisitions were discussed:**

- Justice Data Warehouse - The total cost of this lease purchase is \$652,000. This includes \$600,000 in principal and \$52,000 in interest at an estimated rate of 5.25% for a period of three years. The debt service payments will total approximately \$217,000 annually. This project is an extension of the initial lease purchase entered into by the Division of Criminal and Juvenile Justice Planning (CJJP) which incorporates the Departments of Corrections, Public Safety, and Human Rights into the Data Warehouse. The extension now includes the Departments of Human Services and Revenue and Finance. (see action above)
- Department of Human Services – Lease purchase notification for various energy efficiency improvements at the Glenwood State Hospital. The total cost of the project is estimated at \$2,788,000. This includes \$1,970,000 in principal and \$818,000 in interest at a rate of 6.25% for a period of 10.5 years. Annual payments will total approximately \$293,500. The lease payments will be funded from the Institution's General Fund appropriation. The Department estimates annual utilities savings of \$297,000 as a result of the improvements. This project is financed in accordance with Section 7D.34, Code of Iowa (Energy Conservation Lease Purchase) and, therefore, does not require approval by the Legislative Fiscal Committee.

- University of Iowa – for the purchase of equipment and furnishings for the University Services Building. Total cost of the project is estimated to be \$2,085,000 and includes \$1,800,000 in principal and \$285,000 in interest at an estimated rate of 5.63%.

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

**September 28 Meeting:**

- Plant Science Initiative, *Issue Review*, by Mary Shipman, LFB.
- Iowa Agricultural Economy, John Miranowski, Chairman, ISU Department of Economics.
- Regents Capital Budget Requests, Frank Stork, Executive Director, Board of Regents.
- Regents Deferred Maintenance, recent progress and needs, Frank Stork.
- Regents Fire and Environmental Safety Issues, Lynn Seiler, Associate Director of Facilities, Board of Regents, and Ray Reynolds Fire Marshal's Office.
- Federal Education Funds, *Issue Review*, Paige Piper/Bach, LFB.
- The Committee toured the Iowa State University (ISU) Campus. Buildings included a tour of the new Engineering Building to see progress on new construction; Gilman Hall, to view fire safety concerns and needs for capital request, and a "drive-by" view of the Swine Research Center, Waste Chemical Warehouse, Insectary, and Veterinary Medicine Building.

**October 27 Meeting:**

- Overview of the Department of Public Safety Facility Project and anticipated costs, Commissioner Penny Westfall, Department of Public Safety.
- Medical Examiner, David Fries, Deputy Director for Operations, Department of Public Health, provided an update.
- Crime Laboratory, short-term and long-term options to meet space shortage.
- A tour of the Crime Laboratory and Department of Public Safety facilities in the Wallace Building and a tour of the Wallace Building to view infrastructure problems.
- Department of Public Safety, Dave Heuton, Budget Director, presented retirement issues.
- Department of Natural Resources Retirement Issues by Mark Slatterly, Budget and Finance Bureau Chief.
- Fish and Game Allocation of Marine Fuel Tax, Mark Slatterly.
- Community College Funding, *Issue Review*, Paige Piper/Bach, LFB. Evelyn Anderson, Chief, Bureau of Community Colleges, Doran Hulett, Fiscal Services, Bureau of Community Colleges, Department of Education, and Roger Stirler, Chief of Bureau Internal Operations; Department of Education responded to questions.
- Community College Travel Issues, Paige Piper/Bach, LFB.
- Federal Education Funds, *Issue Review*, Mike Lipsman, LFB.
- Social Services Block Grant, *Issue Review*, Deb Anderson, LFB.

**December 8 Meeting:**

- Tobacco Settlement Update, by Deb Anderson, LFB
- Rebuild Iowa Infrastructure Fund Report, by Dave Reynolds, LFB, including resources and appropriations; and status of appropriations by Fiscal Year.
- Summary Report on State Indebtedness, by Dave Reynolds, LFB.
- Iowa Agricultural Finance Corporation, *Issue Review*, by Jeff Robinson, LFB.
- Sentencing Commission Update, by Joe McEniry, Legislative Service Bureau (LSB).
- Linked Investment Program, *Issue Review*, by Ron Robinson, LFB.
- Reinventing Iowa Government Leadership Team and the Governor's Strategic Planning Council, by Valerie Thacker, LFB.
- Federal Funds Update, by Doug Wulf, LFB, and Phil Buchan, Director, Office for State Federal Relations in Washington, D.C.
- Governor's FY 2001 Budget Priorities, by Cynthia Eisenhauer, Director, Department of Management.
- A follow-up on school finance questions from the last meeting regarding the Physical Plant and Equipment Levy (PPEL) and federal funding data, by Mike Lipsman, LFB.
- Nursing Facility Direct Care Staff Turnover, *Issue Review*, Deb Anderson, LFB; and Jerry Nicholls, Iowa Health Care Association.
- Workforce Shortage in Iowa, Judy Erickson, Department of Workforce Development.
- Iowa Finance Authority Low-Income Housing Tax Credits, *Issue Review*, Jeff Robinson, LFB; Jim Balmer, Iowa Finance Authority Board member, Bob Burns, Project Developer.

The next meeting is tentatively scheduled for Tuesday, January 11, 2000, in Room 116 of the State Capitol Building. The tentative agenda includes:

- Iowa Agricultural Finance Corporation
- More Information on State Indebtedness including Regents bonding for buildings and requirements for restructuring debt and the payment schedule for the ICN Phase I and II.
- Revenue Update

Respectfully submitted,

Senator Derryl McLaren  
Co-chairperson

Representative Dave Millage  
Co-chairperson