

## GENERAL FUND ADJUSTMENTS DUE TO THE FY 2002 4.3% ACROSS-THE-BOARD BUDGET REDUCTIONS

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In September, Governor Vilsack announced that it was necessary to reduce FY 2002 General Fund spending by \$108.0 million in response to a sluggish economy and revenue growth that was considerably less than original estimates. At that time, the revenue growth was 0.3% compared to the estimated 0.7%. The Governor's targeted reductions amounted to approximately 7.0% of agency operating budgets. Exempted from the reductions were the Department of Public Safety, Public Defense (which includes Emergency Management and the Iowa National Guard), State aid to local schools, teacher compensation, and Medicaid. The Iowa Veterans Home, the Iowa Braille and Sight-Saving School, and the Iowa School for the Deaf are were also exempted.

In October, receipts were still far below the estimate and the Revenue Estimating Conference reduced the FY 2002 growth estimate to 0.4% from the earlier estimate of 1.9%. On November 1, the Governor implemented a 4.3% across-the-board reduction in Executive Order 34 in an effort to save an estimated \$200.0 million. He called a Special Session of the General Assembly on November 8 to

restore \$26.0 million in funding to certain priorities such as corrections, public safety, public defense, State aid to local schools, community colleges, property tax relief, and child protection workers. The General Assembly also approved an early retirement/early out program estimated by the Department of Management to save the State \$16.1 million in FY 2002 and \$43.8 million in FY 2003, depending on participation rates.

Departments are in the process of implementing the 4.3% across-the-board reduction, but it is too early to accurately assess the total impact of the reduction. The early retirement program permits workers to elect to take early retirement until January 31, 2001. The early out program permits workers to take an "early out" option and terminative incentive until June 30, 2003.

In an effort to reduce the number of employee layoffs resulting from the across-the-board reduction, the American Federation of State, County, and Municipal (AFSCME) opened the collective bargaining contract agreed to last winter and agreed to delay a 3.0% cost-of-living increase due on July 1, 2002 to November 1, 2002. The Department of Management estimates this will result in savings of \$10.5 million.

However, layoffs have occurred and will continue to occur. As of December 17, 2001, 537 layoffs (507.5 FTE positions) have been approved by the Department of Management and Personnel and 144 have actually occurred. The table below summarizes the actual and approved layoffs by department. Some departments may go through the layoff approval process, but then not actually layoff employees. This information is subject to change, and will be updated throughout the upcoming Legislative Session.

Department	Total Layoffs as of Dec. 2001	
	Actual	Approved
Agriculture	19	19
Commerce	0	2
Corrections	13	110
Cultural Affairs	0	9
Elder Affairs	1	1
Ethics/Campaign Disclosure	0	1
General Services	27	29
Human Services	22	227
Inspections & Appeals	0	5
ITD	10	11

Department	Total Layoffs as of Dec. 2001	
	Personnel	5
Public Safety	2	2
Regents	2	46
Revenue & Finance	26	26
Secretary of State	0	3
Veterans Affairs	11	11
IWD	6	30
<b>Total</b>	<b>144</b>	<b>537</b>

# **GENERAL FUND ADJUSTMENTS DUE TO THE FY 2002 4.3% ACROSS-THE-BOARD BUDGET REDUCTIONS**

The appropriations subcommittees received net FY 2002 reductions totaling approximately \$95.3 million due to the 4.3% across-the-board reduction. (There was also a \$100.5 million reduction to the Unassigned Standings appropriations). This does not include any individual supplemental appropriations. The departments within the subcommittees plan to address the appropriations reductions as follows:

## **Administration and Regulation Appropriations Subcommittee**

The departments and programs receiving appropriations from the Administration and Regulation Appropriations Subcommittee received FY 2002 reductions totaling approximately \$3.5 million. The departments plan to address these reductions as follows:

- **Office of the Auditor of State** – The Office is applying the \$54,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. Fees collected and deposited in the General Fund may be reduced.

The impact includes the following:

- Reducing the number of out-of-state trips for training purposes.
- Postponing indefinitely the scheduled replacement of laptop computers used by staff to perform audits, as well as all but the most essential upgrades and replacement of other equipment.
- Carefully controlling purchases of supplies, memberships, and subscriptions.
- Limiting the number and amount of merit increases and promotional increases granted to staff.
- Freezing hiring for auditor positions, except in very unusual circumstances.

Unless staff attrition dramatically increases in the near future, additional actions to reduce audit staff will have to occur.

The biggest impact on services is the reduced amount of oversight on the operations of State agencies and reductions in assistance provided to legislators, other public officials, and citizens. The reduced oversight will result in increased

risk of the loss or misuse of public funds, improper agency actions, and inadvertent errors that will not be identified and corrected in a timely manner.

- **Ethics and Campaign Disclosure Board** – The Board is applying the \$19,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, including the retirement of the Director.
- **Department of Commerce** – The Department is applying the \$930,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, including the Alcoholic Beverages Division and the Professional Licensing Division, and some vacant positions will not be filled. The reduction will also decrease the fees deposited to the General Fund.
- **Department of General Services** – The Department is applying the \$274,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition, layoffs, and the Early Out Program are anticipated, and some vacant positions will not be filled.

The Building Services Division has been merged into the Capitol Complex Maintenance Division. Staff are being assigned by building, developing a partnership between custodial and maintenance functions as well as improved accountability and "ownership" for each building.

Some of the functions have been reassigned to other divisions. For example, requests for services, leasing/off-complex space planning, safety, and Toye system issues have been reassigned to the Administration Division, while on-complex space planning and utilities management have been reassigned to the Design and Construction Division.

Supplies expense such as garbage bag liners have been eliminated, and paper towel expenditures have been reduced, relying more on hand dryers.

- **Office of the Governor** – The Office is applying the \$88,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled.
- **Department of Inspections and Appeals** – The Department is applying the \$472,000 reduction to all budget units. Programs and operations are being

reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs, including the Audits Division and the Inspections Division, are anticipated, and some vacant positions will not be filled. The Audits Division was eliminated, and statutory responsibilities were transferred to other divisions within the Department. A loss of federal funding may result for the Foster Care Review Board and the Employment Appeal Board. The other divisions may also lose some federal funding.

The \$73,000 Excursion Gambling Boat budget reduction results in a windfall to the riverboat operators who pay the General Fund an amount equal to the Commission's appropriation in admission fees. The General Fund realizes no benefit from any reduction in this budget. Layoffs and reduced regulation, travel, training, supervision of employees, and expenditures on equipment and technology will result from the reduction.

The \$95,000 Pari-Mutuel budget reduction, in addition to the results mentioned for the Excursion Gambling Boat budget, would likely result in a decrease in racing days at the licensed racetracks. The majority of the budget is applied to:

- Racing stewards, who officiate the races and enforce statutes and Commission rules.
- The Commission's track veterinarians, who conduct pre-race inspections of the animals and supervise collection of body fluid samples for drug testing.
- The drug testing of racing animals.

Cost of the above fluctuates with the number of racing days. Racing cannot be conducted without these regulatory controls in place. Therefore, budget reductions entail a reduction in racing days as opposed to eliminating any of the above.

- **Department of Management** – The Department is applying the \$105,000 reduction to all budget units. The reduction amount does not include statewide salary adjustment funding. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled.
- **Department of Personnel** – The Department is applying the \$186,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, and some vacant positions will not be filled.
- **Department of Revenue and Finance** – The Department is applying the \$1.2 million operations reduction to all budget units. (There was also an \$11.5

million reduction to the Unassigned Standings appropriations). Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, and some vacant positions will not be filled.

Nearly one-half of the reduction may be accomplished through the Early Out Program savings. The remainder will be accomplished with additional support cost reductions, reductions in temporary help, and holding all vacancies open. The loss of employees may result in a restructuring of Department functions.

The impact includes the following:

- Anyone filing an error-free paper return may wait at least 12 weeks for a refund. (Prior to the July 2002 reductions, the Department's goal for turnaround was 85.0% in 30 days. After the initial reduction in July, it was anticipated that turn-around time would be at least eight weeks.)
- Revenue loss will occur as auditors, examiners, and agents consider retirement and/or vacate positions. It will take at least to the end of FY 2002 to refill the positions.
- Processing delays will dramatically increase telephone inquiries within the agency. Customers will become upset when it becomes more difficult to reach a "live body."
- The Department's ability to provide electronic communications with taxpayers through web site development will be significantly reduced. Additionally, reductions in technology funding will require elimination of three to five applications intended to provide further opportunities to use efficiencies of electronic filing versus more costly paper filing.
- **Office of the Secretary of State** – The Office is applying the \$105,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. The electronic filing of corporation reports and Uniform Commercial Code documents will be implemented. Some staff reductions through attrition and layoffs are anticipated, some vacant positions will not be filled, and positions will be reclassified.

Future expenditure reductions may include additional layoffs and furloughs that are equivalent to closing the Office for up to 28 days.

The Office has proposed the following changes to adjust for the budget reductions:

## REQUESTED FEES TO OFFSET BUDGET REDUCTIONS:

- Amend Chapter 554, Section 9525, Code of Iowa, to provide for the Secretary of State (beginning July 1, 2001) to retain Uniform Commercial Code (UCC) filing and indexing fees from terminations. Prior to July 1, 2001, there were no fees for terminations. Revenue from these termination fees are estimated to range from \$100,000 to \$150,000, depending upon the mix of electronic filings at \$5 and paper filings at \$10-\$20.
- Amend Chapter 554, Section 9525, Code of Iowa, to allow the Secretary of State to retain filing fees from other UCC records, but only enough of these fees to off-set the reductions to the Office budget. The General Fund would be affected by such an amendment.

## OTHER REQUESTED STATUTORY CHANGES:

- Amend Chapter 490, Section 1622, Code of Iowa, to allow the Secretary of State to retain a portion of the biennial report-filing fee to pay for credit card fees on electronic and paper-based filings. Under current law, the Office must pay this fee, with no reimbursement. Approximately 70,000 corporate biennial reports are required to be filed by April 1, 2002. The Office will be unable to pay this fee with the current budget for the Office.
- Amend Chapter 490, Section 1622, Code of Iowa, to allow the Secretary of State to retain a portion of the biennial report-filing fee to cover the processing of biennial reports. The fee would be set by rule. Without this amendment, the Office may be unable to process these reports.
- Repeal Section 26 (money back guarantee provision) of SF 531 (FY 2002 Administration and Regulation Appropriations Act). The strict time requirements for processing these filings may not be met with the current budget for the Office.
- Amend Chapter 554, Sections 9519, 9520, and 9523, Code of Iowa, to extend the time to process UCC documents from the current requirement of two business days to 12 business days due to personnel reductions from budget reductions.
- Amend Chapter 49, Section 7, Code of Iowa, to delay the current January 15, 2002, effective date for precinct/ward boundaries.

Without the requested changes the Office anticipates the following additional impact on services:

### **Business Services:**

- Delays in business filings, including incorporations.
- Delays in UCC paper-based filings.
- Possible loss of revenue to the General Fund due to the loss of fees.
- The Office will be unable to process corporate biennial reports. Corporate Good Standings will be delayed and untimely.

## **Administration and Elections:**

- Delays in performing obligations related to redistricting/reprecincting.
  - Delays in regulating the preparation, preservation, and maintenance of voter registration records.
  - Delays in processing voter registration reports and lists.
  - Delays in processing candidate nomination petitions for affidavits of candidacy.
  - Delays in assisting local election officials.
  - Delays in implementation of technology, training, and education for Election Reform initiatives.
- **The Office of the Treasurer** – The Office is applying the \$37,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled.

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## **Agriculture and Natural Resources Appropriations Subcommittee**

The departments and programs receiving appropriations from the Agriculture and Natural Resources Appropriations Subcommittee received FY 2002 reductions totaling approximately \$1.6 million. The departments plan to address these reductions as follows:

- **Department of Agriculture** – The estimated net FY 2002 General Fund appropriation is \$18.9 million and 494.6 FTE positions. This is a decrease of \$6.0 million (24.0%) and an increase of 56.1 (11.3%) FTE positions compared to the Actual FY 2001 appropriation. The estimated net FY 2002 General Fund appropriation includes the original Subcommittee action, salary adjustment funds, the Governor's item vetoes, the 4.3% across-the-board reduction, and any changes enacted by the Second Extraordinary Session of the General Assembly.
- **Original FY 2002 Appropriation:** The FY 2002 operating budgets for the Department were reduced by \$6.0 million compared to the estimated FY 2001 appropriations by legislative action as follows:
  - Regulatory Division: \$42,000.
  - Milk Inspections: \$42,000.
  - Laboratory Division: \$70,000.
  - Pesticide Program: \$313,000.
  - Fertilizer Program: \$150,000.

- Soil Conservation Division: \$315,000.
- Soil Conservation Cost Share Program: \$5.5 million (Program funding was shifted to the Environment First Fund).
- Salary Adjustment: The Department received \$815,000 for salary adjustment, which is approximately 78.0% of the amount required to fully fund salaries. The estimated shortfall is \$230,000 (22.0%).
- Work Force Attrition Fund: The Department has asked the Department of Management to waive the requirements of the Work Force Attrition Fund for the following retirement:
  - Grain Warehouse Examiner – Retired on July 16, 2001. The estimated net savings for this position is \$40,154.
  - The Department of Management is expected to issue a decision regarding the waiver request in January 2002.
- Across-The-Board Reduction: The Department's General Fund appropriations were reduced by \$849,000 (4.3%) by the Governor's Executive Order Number 24 as follows:
  - Administration Division – \$108,000.
  - Regulatory Division – \$231,000.
  - Laboratory Division – \$145,000.
  - Soil Conservation Division – \$312,000.
  - Pseudo rabies – \$39,000.
  - Farmer's Market – \$13,000.
  - International Relations – \$1,000.

The impact of the changes include:

- Administration Division—Reduces services in the Apiary Bureau and expenditures such as travel and supplies.
  - Regulatory Division—Reduces the number of inspections provided by the Division that include dairy operations and grain operations.
  - Laboratory Division—Reduces the number of gypsy moth traps set, eliminates training of commercial pesticide applicators, and reduces the number of fertilizer inspections.
  - Soil Conservation Division—Reduces the amount allocated for soil survey testing and for reimbursement of expenditures to District Soil Conservation Commissioners.
- **Department of Natural Resources** – The estimated net FY 2002 General Fund appropriation is \$16,715,372 and 1,063,12 FTE positions. This is a decrease of \$2,267,072 (11.94%) and an increase of 37.31 (3.64%) FTE positions compared to the Actual FY 2001 appropriation. The estimated net FY 2002 General Fund appropriation includes the original Subcommittee action, salary adjustment funds, the Governor's item vetoes, the 4.3% across-the-board

reduction, and any changes enacted by the Second Extraordinary Session of the General Assembly.

- **Original FY 2002 Appropriation:** The FY 2002 operating budgets for the Department were reduced by \$1,538,072 compared to the estimated FY 2001 appropriations by legislative action as follows:
  - Administrative Services Division: \$200,000.
  - Parks and Preserves Division: \$500,000.
  - Forest and Prairies Division: \$50,000.
  - Energy and Geology Division: \$300,000.
  - Environmental Protection Division: \$600,000.
  - Workers Compensation: \$73,606.
  
- **Salary Adjustment:** The Department received \$930,219 for salary adjustments, which is approximately 78.00% of the amount required to fully fund salaries. The estimated shortfall is \$262,369 (22.00%).
  
- **Work Force Attrition Fund:** The Department has asked the Department of Management to waive the requirements of the Work Force Attrition Fund.
  
- **Across-The-Board Reduction:** The Department's General Fund appropriations were reduced by \$751,000 (4.3%) by the Governor's Executive Order Number 24 as follows:
  - Administrative Services Division – \$95,000.
  - Parks and Preserves Division – \$275,000.
  - Forest and Prairies Division – \$80,000.
  - Energy and Geology Division – \$76,000.
  - Environmental Protection Division – \$207,000.
  - Marine Fuel Tax – \$18,000.

The impact of the changes include:

- **Administrative Division**—Reduces expenditures for travel, fuel, supplies, and other items.
- **Parks and Preserves Division**—Reduces summer work force and maintenance activities in the parks and reduces expenditures for travel, fuel, supplies, and other items.
- **Forests and Prairies Division**—Reduces expenditures for travel, fuel, supplies, and other items.
- **Energy and Geology Division**—Reduces expenditures for travel, fuel, supplies, and other items.
- **Environmental Protection Division**—Reduces the number of earthen basin storage inspections and on-site manure management plans.
- **Marine Fuel Tax**—Reduces miscellaneous expenditures.

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## Economic Development Appropriations Subcommittee

The departments and programs receiving appropriations from the Economic Development Appropriations Subcommittee received FY 2002 reductions totaling approximately \$1.6 million. The departments plan to address these reductions as follows:

- **Department of Economic Development** – The Department is applying the \$953,000 reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. Programs will make fewer awards and reductions will be made in advertising and public relations.
- **Iowa Workforce Development** – The Workers' Compensation Division plans to implement the \$276,000 reduction to cause the least disruption for State employees. No layoffs are planned. Reductions are being made to out-of-state travel; outside contracts are being terminated; and an unanticipated vacancy is not being filled. The total reduction is \$105,000. The reductions are likely to cause delays in appeal decisions for injured workers cases. The Department indicates this may increase the number of workers that choose to litigate through civil courts, which will increase attorney costs for the workers.

The Labor Services Division is finalizing reduction plans, but anticipates there will be layoffs in order to achieve a \$148,000 reduction. There will also be a reduction in various types of inspections, in part due to reductions in the in-state travel budget. The Division deposits fees from inspections and permits into the General Fund, which amounted to 70.5% of the Division's appropriated budget in FY 2001. The Division anticipates these deposits will decrease as a result of fewer inspections.

The Workforce Development Board staff will move to a federally funded position and will have responsibilities adjusted as a result. The Board will hold fewer meetings to reduce travel costs.

- **Public Employment Relations Board (PERB)** – The Board incurred a \$38,000 reduction. The Board has indicated that it has eliminated the equivalent of one administrative law judge position. Administrative law judges hear cases and act as mediators, facilitators, and trainers. The Board has eliminated the use of ad hoc mediators for contract negotiations in FY 2002 and has asked the Federal Mediation and Conciliation Service (FMCS) to handle the

cases, which they are doing on a temporary basis. The PERB has eliminated out-of-state travel, cut updates and services to the law library, restricted the use of court reporters, required leave without pay for employees, and suspended non-mandated services to constituents, including grievance mediation services, labor-management committee training and facilitation, and interest-based bargaining training and facilitation. With fewer mediators and a larger individual caseload, PERB expects an increase in the number of arbitrations. The Board reports that arbitration is more expensive for public employers than using mediation.

- **Board of Regents** – The Board is applying the \$316,000 reduction to the seven budget units within the Economic Development Subcommittee. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. Programs will make fewer awards and reductions will be made in advertising and public relations.

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## Education Appropriations Subcommittee

The departments and programs receiving appropriations from the Education Appropriations Subcommittee received FY 2002 reductions totaling approximately \$37.0 million. The departments plan to address these reductions as follows:

- **College Student Aid Commission** – The Commission plans the following in response to the \$1.9 million reduction:
  - Tuition Grant Program – Second semester awards will be reduced from \$2,000 to approximately \$1,740. The Commission will request a transfer of \$411,000 from the Scholarship and Grant Reserve Fund. The total reduction is \$1.3 million. If the Reserve Fund transfer is approved, the reduction to the Program will be \$900,000.
  - Vocational-Technical Tuition Grant Program – Second semester awards will be reduced from \$244 to approximately \$235. The reduction is \$107,000.
  - Iowa Grant Program – The Commission will recall \$46,000 already paid to colleges.
  - Osteopathic Forgivable Loans – The reduction of \$4,300 will result in a reduced ending balance.

- Osteopathic Physician Recruitment – One less scholarship will be awarded. The reduction is \$16,000.
- Teacher Shortage Loans – The Program will rely on repayment revenues to replace the reduction of \$21,000.
- Chiropractic Loans – Awards will be reduced from \$4,300 to \$4,100. The reduction is \$4,000.
- **Department of Cultural Affairs** – The Department will absorb the \$266,000 reduction in a variety of ways, including an anticipated savings of \$97,000 from laying-off 3 or 4 staff from the Administration Division, including an Historic Program Specialist, a Clerk Specialist, and a Clerk Advanced. Other anticipated savings include:
  - \$47,000 from elimination of planned purchases, including equipment and computer hardware.
  - \$45,000 from reduced printing expenses, requiring a greater reliance on electronic distribution of information.
  - \$36,000 from a reduction in Community Cultural Grants.
  - \$25,000 from a delay in repairs at historical sites.
  - In addition, the Department will consider eliminating memberships in national organizations, reducing expenditures for exhibit design and construction, and holding staff positions vacant.
- **Department of Education** – The Department will absorb the \$6.5 million reduction by holding vacant positions open and reducing operating costs such as travel, postage, and printing. (There was also a \$77.9 million reduction to the Unassigned Standings appropriations).

Iowa Public Television plans to eliminate 5.0 FTE positions as a result of the across-the-board reduction. The division also plans to reduce funding for the Ready to Learn Program, which will result in a reduction in the number of workshops conducted for parents and day care providers. Six local program productions will also be eliminated if outside funding cannot be obtained, and budgets for other local productions will be cut by 10.0% across the board. In addition, summer college telecourses will be eliminated.

- Federal funding for Vocational Rehabilitation requires a 25.0% match from State, local, and private sources. The estimated net FY 2002 General Fund appropriation to Vocational Rehabilitation of \$4.7 million pulls down \$18.6 million in federal funding. The appropriation was reduced by \$209,000 as a result of the 4.3% across-the-board reduction. The Division of Vocational Rehabilitation Services is attempting to replace that funding with local or private match dollars to avoid a loss of federal funds.

- Federal funding received under both the Food and Nutrition Program and the Carl Perkins Vocational Technical Act is subject to "maintenance of effort" requirements. Any reduction in the total State expenditure for these programs could result in a loss of federal funding.
  - Shifting the costs to local school districts absorbed the FY 2002 4.3% across-the-board reduction to the General Fund appropriation for School Food Service. It is anticipated that the reimbursement rate to schools will drop from 3.66 cents to 3.35 cents per meal. Federal Food and Nutrition Program funding in FY 2002 is estimated at \$74.2 million. Further reduction in the State match could result in the loss of all the federal funds.
  - Under the Carl Perkins Vocational Technical Act, the State is obligated to spend the same amount each year on vocational education as in the previous year. Reductions in State aid to local school districts and to community colleges may result in a reduction of expenditures for vocational programming. This, in turn, may result in the loss of federal funds in future years. In FY 2002, it is estimated the State will receive \$12.6 million in federal funding under the Act.
- House File 759 (FY 2002 Reappropriations Act) restored \$1.0 million in general aid to community colleges to mitigate the potential loss of Carl Perkins funding resulting from the 4.3% across-the-board reduction. The restored funding was directed to vocational programming. Any reduction in FY 2002 spending on vocational education will reduce the State's federal award in FFY 2005.
- **Board of Regents** – The Board plans the following in response to the \$28.3 million reduction:
  - **University of Iowa (SUI)** – The total reduction for the SUI was \$13.3 million. The bulk of the reduction (\$10.9 million) will come from the General University budget unit. While final plans for absorbing the reduction have not been determined the following items are planned:
    - A portion of new tuition revenue will be used to offset the shortfall. Total new tuition revenue for the SUI is estimated to be approximately \$13.5 million for FY 2002. However, approximately \$1.8 million has been designated to offset a shortfall in FY 2001.
    - \$1.2 million savings from suspension of six of seven internal grant programs within the Office of the Vice President for Research. The Office will also reduce staffing, grants to graduate students for research instruments, conferences and workshops, travel, publications, recruitment, and vacant positions will not be filled.

- All units on campus will eliminate some positions through attrition and retirement and vacant positions will not be filled.
  - \$1.1 million savings from reductions in the allocations for instructional equipment, faculty start-up, and the new writing initiative within the Office of the Provost. The Office will also eliminate approximately 165 General Fund supported positions in the academic units through attrition and retirement. The number of courses offered in the spring will be reduced, class sizes will increase, and teaching schedules will be examined and rearranged. A number of new initiatives will also be put on hold such as new equipment for classrooms and laboratories, the new Writing Program, and adding library staff.
  - \$1.7 million in building renewal projects will be deferred.
- **Iowa State University (ISU)** – The total reduction for ISU was \$11.1 million. While final plans for absorbing the reduction have not been determined the following one-time adjustments are planned:
    - \$2.8 million of new tuition revenue will be utilized to offset the shortfall. Total new tuition revenue for FY 2002 is estimated to be approximately \$8.2 million. The new tuition revenue was originally planned for new faculty positions, graduate tuition scholarships, and resources for over-enrolled courses.
    - \$7.3 million in savings from delay of construction and remodeling projects.
    - \$1.3 million in savings from health insurance costs. Iowa State expects lower rate increase in calendar year 2002 than originally budgeted.
  - These reductions will result in:
    - Offering 50 fewer courses.
    - Providing assistantships to 26 fewer graduate assistants.
    - Hiring 18 fewer faculty.
    - Delaying construction and remodeling projects.
- **University of Northern Iowa (UNI)** – The total reduction for UNI was \$3.9 million. While final plans for absorbing the reduction have not been determined the following items are planned:
    - Reduced staffing – 150 fewer adjunct faculty for spring semester, 217 fewer classes, larger class sizes, postponed professional development leaves, and overload appointments for permanent faculty. Other staff reductions will include, 4.5 FTE professional and scientific positions, six clerical positions, five custodians, and a boiler operator.
    - Reduced hours for student work.
    - Reduce the academic supplies, services, and equipment budgets.

- Reduce the building repair budget.

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## Health and Human Rights Appropriations Subcommittee

The departments and programs receiving appropriations from the Health and Human Rights Appropriations Subcommittee received FY 2002 reductions totaling approximately \$1.7 million. The departments plan to address these reductions as follows:

- **Department for the Blind** – The Department will offset the \$79,000 budget reduction by leveraging additional federal funds.
- **Civil Rights Commission** – The \$49,000 reduction will be implemented by delaying the filling of a vacant FTE position.
- **Department of Elder Affairs** – The implementation of the 4.3% reduction was designed to avoid additional funding cuts to the local Area Agencies on Aging for the provision of home and community-based services. The Department plans to implement the \$195,000 reduction as follows:
  - Operations staff will be reduced by \$179,000 through one layoff of a Typist Advanced and by delaying hiring for two vacant positions.
  - A reduction of \$8,000 in funding for the Retired Senior Volunteer Program (RSVP).
  - A reduction of \$7,000 in support funds for the three Alzheimer's Chapters.
- **Governor's Office of Drug Control Policy** – In order to accommodate the \$22,000 reduction, federal grant administrative funds were increased, which will allow for the maintenance of current support for programs and ensure compliance with federal grant guidelines. The decision on how to implement the reduction was based on a plan that would have the least impact on programs and services provided throughout the State.
- **Department of Human Rights** – The Department will implement the \$117,000 reduction as follows:
  - Central Administration – A reduction of \$13,000 will be implemented by using the funds carried over from FY 2001 for Training and Technology to pay for ITD costs in FY 2002; support costs for office supplies will be reduced; and a small increase in indirect cost recoupments from federal programs will be used to offset the reduction.

- Deaf Services Division – A reduction of \$15,000 will be implemented by delayed hiring for vacant FTE positions.
- Persons with Disabilities Division – A reduction of \$9,000 will be implemented due to the vacant FTE position for the Division Administrator. The Department anticipates filling the position by the end of December 2001.
- Latino Affairs Division – A reduction of \$8,000 will be implemented through reductions in support costs for office supplies and printing. In addition, the Division Administrator plans to take some unpaid leave for family reasons at the end of FY 2002, and these savings will be used to offset the reduction.
- Status of Women Division – A reduction of \$17,000 will be implemented by reducing the grant amount to Indian Hills Community College for the lowans in Transition Program.
- Status of African Americans Division – A reduction of \$6,000 will be implemented due to the vacant FTE position for the Division Administrator. The Department anticipates filling the position by the end of December 2001.
- Criminal and Juvenile Justice Planning (CJJP) Division – A reduction of \$18,000 will be implemented through shifting staff duties to non-General Fund grant projects, and saving funds previously budgeted for personnel and some support costs.
- Community Grant Fund – A reduction of \$31,000 will be implemented through reducing the total amount of funding available for distribution to local communities for juvenile justice and delinquency prevention programs. By statute, these funds are distributed to the 39 decategorization boards across the State based on a child population formula. Any reduction in funding is shared proportionally by all recipients and the impact varies by local site. Some sites will have a small decrease in service levels for prevention and early intervention programs such as tutoring and mentoring, and reductions in the frequency and scope of community collaborations and events that promote and support youth may also occur.
- **Department of Public Health** – The Department plans to implement the \$1.2 million reduction as follows:
  - Addictive Disorders - A reduction of \$64,000 will be implemented by reducing substance abuse treatment and prevention contracts.
  - Adult Wellness - A reduction of \$24,000 will be implemented after consulting local public health leaders to determine which areas could absorb the reduction causing the smallest impact.

- Child and Adolescent Wellness - A reduction of \$54,000 will be achieved by reducing the funding for the Infant Mortality and Morbidity Pilot Program in the three counties in which it exists, Polk, Scott, and Woodbury. The Program was never expanded statewide.
- Chronic Conditions - A reduction of \$58,000 will be achieved by reducing reimbursements to participants of the Chronic Renal Disease Program.
- Community Capacity - A reduction of \$86,000 will be implemented by eliminating a Bureau Chief position that is currently vacant.
- Elderly Wellness - A reduction of \$456,000 will be implemented after consulting with local public health officials. The reductions will be made to Public Health Nursing, Home Care Aide, Senior Health or any combination of the three areas.
- Infectious Diseases - A reduction of \$54,000 will be achieved by reassigning a full-time equivalent position currently funded with General Fund dollars to a vacant position funded by federal dollars.
- Injuries - A reduction of \$53,000 will be implemented by reducing funding for court-ordered services. The reduction will be applied proportionately to all 12 counties that received this funding for FY 2001.
- Public Protection - eliminating a position currently vacant, and reducing funding for the Bureau of Professional Licensure, as well as the Pharmacy, Dental, Medical, and Nursing Examiners Boards will achieve a reduction of \$271,000.
- Resource Management - A reduction of \$104,000 will be implemented by eliminating a vacant executive and administrative staff position.
- **Commission of Veterans Affairs** – The \$13,000 reduction will be implemented by delaying the filling of the Executive Officer I position.

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## Human Services Appropriations Subcommittee

The departments and programs receiving appropriations from the Human Services Appropriations Subcommittee received FY 2002 reductions totaling approximately \$34.0 million. There was also a \$77.9 million reduction to the Unassigned Standings appropriations. The departments plan to address these reductions as follows:

- **Department of Human Services**

- Economic Assistance (\$1.9 million):
  - Family Investment Program (\$1.6 million):
    - Adjust expenditures for the Family Development and Self Sufficiency Services (FaDSS) and decrease services to families which have left the Family Investment Program (FIP) more than 30 days.
    - Delay a portion of the expenditure of the Electronic Benefit Transfer (EBT) expansion project.
    - Emergency Assistance (\$400): The Department plans to utilize funding from the Family Investment Program (FIP) line-item appropriation to replace the across-the-board amount that has already been expended.
    - Child Support Recoveries (\$296,000):
      - Utilize the higher than expected federal incentive earnings to replace a portion of the across-the-board reduction.
      - Consolidate office space, reduce travel expenditures, and reduce support costs.
      - Increase the vacancy factor percentage and delay filling of positions.
  - Medical Services (\$19.4 million):
    - Medical Assistance (\$17.8 million): It has not yet been determined which action that may be taken to meet the across-the-board reduction of \$17.8 million as well as the \$841,000 necessary to replace for the State Supplementary Assistance Program due to federal maintenance of effort requirements. The Council on Human Services voted December 12, 2001 to delay administrative rule action upon Medical Assistance changes until a later date.
    - Health Insurance Premium Payment Program (\$26,000): The Department plans to not fill vacant positions.
    - State Children's Health Insurance (\$361,000): The Department plans to utilize unexpended funds within the line-item appropriation due to fewer children enrolled in the Program than expected and budgeted.
    - Medical Contracts (\$374,000): The Department plans to reduce various contract costs.
    - State Supplementary Assistance (\$841,000): Due to federal maintenance of effort requirements, the \$841,000 is considered by the Department part of the across-the-board reduction of Medical Assistance and the future action to implement that reduction will include the funds reduced for the State Supplementary Assistance Program.

- **Child and Family Services (\$5.7 million):**
  - **Child Care Services (\$217,000):** The Department plans to reduce the funding for contracts with the Child Care Resource and Referral agencies.
  - **Toledo Juvenile Home (\$298,000):**
    - Hold open a portion of vacant positions and a portion of positions from retirements.
    - Reduce contract costs.
    - Reduce various expenditures such as in support, utilities, supplies, travel, pharmaceuticals, and technology.
  - **Eldora Training School (\$492,000):**
    - Hold open a portion of vacant positions and a portion of positions from retirements.
    - Reduce contract costs.
    - Reduce various expenditures such as technology.
  - **Child and Family Services (\$4.6 million):** The Department plans to reduce various allocations provided to service areas and juvenile court services, various contractors which receive State funds, and transfers to other State agencies for services provided to the Department.
  - **Community Based Services (\$23,000):** The Department plans to reduce existing contracts for services.
  - **Family Support Subsidy (\$93,000):** The Department plans to not add any additional families in FY 2002.
  
- **Mental Health/Mental Retardation/Developmental Disabilities (\$4.3 million):**
  - **Conners Training (\$2,000):** The Department plans to reduce the funding for the Iowa Training Consortium.
  - **Cherokee, Clarinda, Independence, and Mount Pleasant Mental Health Institutes (\$2.0 million):** The Department may review the services being provided by the Mental Health Institutes. In addition, the Department plans to:
    - Hold open a portion of vacant positions and a portion of positions from retirements.
    - Reduce contract costs.
    - Reduce various expenditures such as in support, utilities, supplies, travel, pharmaceuticals, and technology.
    - Eliminate or reduce hours of intermittent positions.
    - Implement a reduction in force and reduce services for patients.
  - **Glenwood and Woodward State Resource Centers (\$357,000):**
    - Hold open a portion of vacant positions and a portion of positions from retirements.
    - Reduce overtime expenditures.
    - Reduce various expenditures such as in support, utilities, supplies, travel, and technology.

- **MI/MR/DD Special Services:** The Department plans to reduce the contract for this Program.
- **Special Needs Grants (\$2,000):** The Department plans to reduce the amount available to the contractor for this Program.
- **State Cases Program (\$546,000):** The Department has taken administrative rule action to reduce payments for services by 4.3%, in addition to applying possible savings within the Program for the across-the-board reduction.
- **Community Services (\$841,000):** The Department plans to reduce the payments scheduled to counties.
- **Personal Assistance (\$18,000):** The Department plans to utilize the FY 2001 carry-forward funding while continuing to phase out the Program.
- **Sexual Predator Commitment Program (\$75,000):** The Department plans to:
  - Utilize existing savings from positions that have not been filled for a portion of the Fiscal Year.
  - Reduce various expenditures such as in support, supplies, travel, and technology.
- **Mental Health Growth Factor (\$401,000):** The Department plans to include the across-the-board reduction in the allocation determined after the statutory December 1 deadline for counties to submit the FY 2001 County Mental Health Fund balances from FY 2001.
  
- **Managing and Delivering Services (\$2.8 million):** The Council on Human Services and the Governor announced a reorganization of the Department in October. The General Assembly enacted HF 764 (Department of Human Services Reorganization Act) during the November 8 Special Session. The Department is in the process of determining vacancies, reorganization of management staff, and a reduction in force. The detail regarding exact positions and savings and the impact of the process will not be known until January.
  - **Field Operations (\$2.2 million):** The Department plans to implement the reorganization of the service areas, while retaining "front line" staff.
  - **General Administration (\$588,000):**
    - Reduce the FTE positions through restructuring and realigning the Department's work, implement a reduction in force, and eliminate vacant positions.
    - Reduce various technology, travel, training, and support costs.
  - **Volunteers (\$5,000):** The Department plans to reduce services provided by this Program.

## Justice System Appropriations Subcommittee

The departments and programs receiving appropriations from Justice Appropriations Subcommittee received FY 2002 reductions totaling approximately \$15.4 million. The departments plan to address these reductions as follows:

- **Department of Justice** – The FY 2002 General Fund across the board reduction was \$604,000 and the Department will implement the following changes to the budget:
  - Office of the Attorney General – A reduction of \$355,000. The Office did not implement pay plan changes for non-bargaining personnel. It will have savings within the support budget; delay filling vacant positions, leverage other funding sources within the Department, seeks alternative funding sources, and may furlough staff.
  - Victim Assistance Grants – A reduction of \$83,000. The Department transferred \$83,000 from the Victim Compensation Fund to the Victim Assistance Grants Account, pursuant to Section 915.94, Code of Iowa.
  - Area Office of Drug Control Policy Prosecuting Attorneys – A reduction of \$6,000 that will reduce the support budget, such as printing costs.
  - Prosecuting Attorney Training Council – A reduction of \$13,000 that will reduce the support budget, such as printing costs.
  - Legal Services Poverty Grant – A reduction of \$29,000 that will reduce the grant awarded to Legal Services Corporation of Iowa.
  - Office of the Consumer Advocate – A reduction of \$118,000. Any reduction in General Fund expenditures reduces General Fund receipts from utility companies by the same amount.
- **Department of Corrections** – The \$8.0 million reduction will be implemented as follows:
  - \$6.3 million reduction from the nine prisons as follows:
    - \$4.0 million from salary savings as follows:
      - \$2.0 million and 75.0 FTE positions from laying off staff.
      - \$1.5 million from not filling 41.0 FTE positions that are currently vacant. There are 7.0 FTE positions that are currently vacant that the Department will fill if money becomes available through other budget savings.
    - \$21,000 from reclassifying 11.0 FTE positions.
    - \$134,000 from shifting 7.0 FTE positions to other funds, such as Iowa Prison Industries.

- \$336,000 from the overtime and premium holiday pay budget.
    - \$101,000 from medical contracts.
    - \$425,000 from ending contracts for such items as substance abuse treatment programs, chaplains, librarian, and the Batterer's Education Program.
    - \$250,000 from utility costs.
    - \$312,000 from the food budget.
    - \$1.2 million from the support budget.
  - \$1.4 million reduction from the CBC District Departments as follows:
    - \$57,000 and 3.0 FTE positions from parole and probation supervision.
    - \$688,000 and 22.0 FTE positions from residential facilities. This figure includes savings associated with the delayed opening of the new Council Bluffs facility.
    - \$47,000 from pre-trial services.
    - \$249,000 and 5.5 FTE positions from administrative and support functions.
    - \$290,000 and 3.0 FTE positions from treatment programs.
    - \$39,000 from youth intervention and prevention programs.
  - \$297,000 reduction from Administration as follows:
    - \$54,000 and 1.0 FTE position from Administration.
    - \$52,000 from support costs.
    - \$170,000 from contracts for the Iowa Corrections Offender Network, the Federal Prisoners Account, and the Corrections Education appropriation.
    - \$21,000 and 1.0 FTE position from the Corrections Training Center.
- **Judicial Branch** – To comply with the \$5.2 million reduction, the Judicial Branch announced plans to eliminate approximately 185 jobs statewide in January 2002. The lay-offs include about 125.0 FTE positions (equivalent employee positions) in Clerk of Court offices. The Judicial Council proposed a Court Reorganization plan to the Iowa Supreme Court on November 16, 2001.
  - **Parole Board** – The General Fund reduction is \$46,000 and the Board will implement the following changes to the budget:
    - Reduce support budget costs (travel and equipment).
    - Explore cost and resource sharing with the DOC.
    - Hold vacant a part-time clerk position.
  - **Public Defender and Indigent Defense Program** – The General Fund reduction is \$1.5 million. The FY 2002 appropriations for the State Public Defender's Office and the Indigent Defense Fund are \$1.9 million less than the amount actually spent in FY 2001. The Office projects a \$3.9 million shortfall

in the Indigent Defense Fund for FY 2002. The Public Defender plans to fill all vacancies in the Office, as it is more cost-effective to have State employees, rather than contract attorneys, provide counsel to indigent defendants. The Office has reallocated \$1.0 million from the Indigent Defense Fund to the Office of the State Public Defender. A FY 2002 supplemental appropriation may be required for the Indigent Defense Fund. Alternatively, appropriation transfers from other State agencies to the Indigent Defense Fund may occur.

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## **Transportation, Infrastructure & Capitals Appropriations Subcommittee**

The departments and programs receiving appropriations from the Transportation Appropriations Subcommittee received FY 2002 reductions totaling approximately \$123,000 for Railroad Assistance and Aviation Assistance. The departments plan to address these reductions as follows:

- **Railroad Assistance (\$26,000)** – Not all of the FY 2002 appropriation has been obligated, however, there are local Rail Economic Development (RED) applications currently pending. Due to the 4.3% reduction, the Department will approve either one less project or less state funding for various projects.
- **Aviation Assistance (\$97,000)** – Most of the FY 2002 appropriation has been obligated to local airport improvement projects. However, since it takes more than one year for many of the obligated projects to be completed, the Department can finance the 4.3% reduction by using some of the FY 2003 appropriation. The Department can also finance the reduction through projects that are completed under budget.

The Department also received a 4.3% reduction for the Unassigned Standing Appropriation of Public Transit Assistance:

- **Public Transit Assistance (\$405,000)** – The majority of Public Transit's State funding is paid out to the 35 local transit systems in regular payments based on a formula. The funds are primary used for operational costs. The 4.3% reduction will reduce the amount of money the transit systems receive over the remaining months of FY 2002, and will result in a reduction of transit system services.
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## Oversight and Communications Appropriations Subcommittee

The departments and programs receiving appropriations from the Oversight and Communications Appropriations Subcommittee received FY 2002 reductions totaling approximately \$334,000. The departments plan to address these reductions as follows:

- **Iowa Telecommunications and Technology Commission's** plan for the \$96,000 reduction includes:
  - Maintaining a vacancy factor of 3.0 FTE positions.
  - Eliminating three contract positions.
  - Limiting overtime.
  - Disallowing retention and incentive pay.
  - Reducing equipment upgrades and repairs.
  
- **Iowa Public Television (IPTV)** plan for the \$88,000 reduction includes:
  - Regional Telecommunications Council's (RTCs) pass through funding was reduced by the 4.3%. This will result in:
    - Reduced maintenance of ICN Video Classrooms.
    - Less coordination of distance learning activities within regions.
    - Less Internet support for K-12 schools from RTC staff.
  - For the portion of the appropriation that remains with IPTV outside grant funding will be used for FY 2002 to cover the reduction and maintain services.
  
- **Information Technology Department** plan for the \$150,000 reduction includes:
  - The total FY 2002 funding reduction to ITD (inclusive of the identified 4.3% reduction) was 33%. In addition, agencies cut back on services provided by ITD, further reducing receipts. The Department stated it is not possible to specifically break out that portion of the larger cut that would otherwise be attributable to the 4.3% cut. However, the following measures have been taken as a result of the larger 33% reduction:
    - Laid-off of 28 employees.
    - Kept vacant positions open.
    - Reduced information technology maintenance agreements.
    - Discontinued private sector information technology contract services.
    - Renegotiated vendor contracts and asked for reductions in rates where appropriate.
    - Discontinued the use of some software products.
    - Delayed purchases.
    - Limited overtime, stand-by, and callback costs.
    - On an ongoing basis, the ITD continues to look for opportunities to reduce costs and generate revenue.