

**MINUTES**  
**GOVERNMENT OVERSIGHT COMMITTEE**  
**June 11, 2009**

The Joint Government Oversight Committee met June 11, 2009 in room 103, the Supreme Court Chamber at the Capitol.

Senator Rich Olive, Chair, called the meeting to order at 9:45 a.m. Other members present were:

Senator Tom Courtney, Vice Chair	Representative Vicki Lensing, Chair
Senator Pat Ward, Ranking Member	Representative Wayne Ford, Vice Chair
Senator Steve Sodders	Representative Ralph Watts, Ranking Member
Senator Ron Wieck	Representative Clel Baudler
	Representative Deborah Berry
	Representative Steven Olson
	Representative Kent Sorenson
	Representative Wes Whitead

The following members were excused: Representative Kurt Swaim

**MINUTES**

Senator Olive made a motion to approve the minutes from the two previous joint meetings. No changes were noted. The Committee approved the minutes from the March 19, 2009 and April 2, 2009 meetings.

**OVERVIEW**

The primary focus of the meeting concerned the status of 2008 statewide disaster recovery efforts and funding, a discussion of the content and implementation of sex offender legislation passed during the 2009 legislative session, and a semi-annual update and report on the operation of the Iowa Lottery.

**REBUILD IOWA OFFICE – DISASTER RECOVERY AND FUNDING**

**Presenters:**

Emily Hajek, Chief of Staff, Rebuild Iowa Office

Susan Judkins Josten, Intergovernmental Affairs Director, Rebuild Iowa Office

**Discussion:**

Ms. Hajek provided a progress report regarding 2008 statewide disaster recovery efforts, and the status of federal and state funding received and expended to facilitate those efforts. Ms. Hajek stated that over \$3.0 billion of federal and state funding has been allocated to the state, but indicated that not all of the allocation has been received or disbursed. She summarized a spreadsheet tracking funding received from the Federal Emergency Management Authority (FEMA) in the form of individual assistance, public assistance, and hazard mitigation grant program funding; the Small Business Administration (SBA), the Community Development Block Grant (CDBG) program, the United States Department of Agriculture, the State Jumpstart Program, Executive Council matching funds, Iowa Finance Authority Low-Income Housing Tax Credits, National Emergency Grants, and Social Services Block Grants. In relation to these funding

sources, Ms. Hajek noted that hazard mitigation grant approval criteria specified by FEMA was specific to greenspace conversion, that issues had arisen regarding the ability of business owners to repay SBA loans and that efforts were underway to restructure them in some cases, that a new allocation of CDBG funding in the amount of \$517.0 million had just been announced, that issues are arising regarding the ability of individuals to handle payments for affordable housing facilitated through CDBG funding in circumstances where their previous residence had been paid off or where they remain obligated for mortgages or payments on damaged property, that much of the State Jumpstart funding had already been expended, and that the receipt of National Emergency Grant funding is contingent upon a business establishing that workers have in fact been dislocated. Additionally, Ms. Hajek discussed a \$3.0 million grant received in connection with the Economic Development Administration, the status of efforts to implement I-JOBS bonding administered by the Iowa Finance Authority in accordance with SF 376 (Revenue Bonding and I-JOBS Program Act), recovery analysis activities in the form of workshops and public surveys, disaster commemoration events being held at various locations across the state, and continued plans to meet on an as-needed basis by the Rebuild Iowa Advisory Council and Rebuild Iowa Office Coordinating Council. Ms Hajek emphasized that FEMA representatives have praised Iowa's rapid response in the implementation of recovery efforts, and intended to refer to it as a model for other states facing similar challenges in the future.

Ms. Judkins Josten distributed the most recent quarterly report issued by the Rebuild Iowa Office and a list of Rebuild Iowa Advisory Council recommendations. She noted that legislation passed during the 2009 legislative session directed the Rebuild Iowa Office to develop recommendations regarding safe room best practices, flood plain management, and flood insurance incentives by specific dates in November and December of 2009, and discussed possible 2010 legislative proposals relating to disaster recovery.

Committee discussion included inquiries regarding SBA loan availability, criteria, and restructuring; state flood map updating; flood insurance requirements within designated areas and the issue of duplication of benefits; the status of I-JOBS bonding activity, and the extent to which additional funds above and beyond the \$3.0 billion allocation are projected to be needed.

## **DISCUSSION REGARDING IMPLEMENTATION OF SF 340 – ADAM WALSH ACT**

### Presenters:

The Honorable Tom Miller, Attorney General

Ron Mullen, Assistant Director, Eighth Judicial District, Department of Correctional Services

Sally Kreamer, Director, Fifth Judicial District, Department of Correctional Services

James Saunders, Assistant Director, Support Operations, Division of Criminal Investigation

The Attorney General expressed appreciation of the nonpartisan effort that resulted in the passage of SF 340 (Adam Walsh Act) during the 2009 legislative session, noting that the result was a common-sense approach to sex offender apprehension, treatment, and monitoring, balancing residency restrictions with location prohibitions. He commented that as a result of the legislation law enforcement resources can be utilized more effectively to ensure public safety, and that all involved state agencies and offices are fully committed to the legislation's implementation. Attorney General Miller called for increasing the penalty for utilization of the internet for solicitation of minors from the current penalty of a misdemeanor to a felony, and requiring a DNA sample from individuals convicted of an aggravated assault in order to reduce the incidence of repeat offenses. In response to an inquiry regarding the expense of DNA testing, Attorney General Miller agreed that requiring offenders to pay for the testing was an idea worth further consideration.

Mr. Mullen, accompanied by Ms. Kreamer, emphasized that the supervision of sex offenders is treated very seriously by the department, and that efforts are underway to revise administrative rules required for implementation of SF 340. Mr. Mullen indicated that changes in the residency restrictions will reduce the residential cluster effect of the previous requirements, facilitate a smoother flow and reduced backlog, and increase the ability of the department to collect fees due to offenders no longer needing to maintain two residences. He stated that the exclusion zone concept is a significant improvement, noting that it focuses on where the risk is more likely to occur, rather than where an offender is sleeping at night, and highlighted risk assessment tools utilized to identify potential offenders. Mr. Mullen emphasized that the number of offenders requiring continued monitoring by the department will dramatically increase as a result of the legislation's implementation, resulting in a larger caseload and the need for additional resources.

Mr. Saunders discussed efforts to update computer databases for utilization in offender apprehension and tracking and interfacing with public internet sites. Mr. Saunders also addressed approaches to assigning offenders to differing tiers or categories as required by the legislation, and offender notification procedures associated therewith. Additional remarks concerned ongoing law enforcement training to facilitate a smooth transition, and due diligence requirements and flexibility in investigating offender whereabouts when enforcing exclusionary zone restrictions.

Committee discussion included the ability of an offender to appeal assignment to a particular tier, the extent to which offenders may not voluntarily undergo treatment while incarcerated and assessment efforts regarding their likelihood to repeat offend, how out-of-state offenders will be integrated into the new requirements, how tracking devices required to be affixed to offenders are monitored and the extent to which additional resources may be needed for their acquisition, the contents of treatment program curriculums, and recidivism rates.

## **LOTTERY - UPDATE ON OPERATIONS AND RESPONSE TO OMBUDSMAN**

Presenter:

Mr. Terry Rich, Chief Executive Officer, Iowa Lottery

Mr. Rich characterized the lottery's recent performance as positive and better than anticipated during a difficult economic period. He stated that figures through the end of April indicate lottery sales lagging 3.7 % behind FY 2008, but that proceeds to the state were running slightly ahead of FY 2008. Mr. Rich projected proceeds will ultimately finish the year ahead of FY 2008 results, and exceed estimates provided to the Committee in January 2009. The improved performance was attributed to the establishment of the Iowa Lottery Authority, which enabled the lottery to realize savings through the issuance of revenue bonds to purchase lottery property and equipment rather than continue leasing arrangements, and enhanced the lottery's flexibility to enter into creative long-term campaigns such as the Keep Your Ticket Handy campaign entered into with the Iowa Division of Tourism. An additional reason for the improvement was identified as a lower pay-out rate in instant scratch game prizes for the FY 2009 over FY 2008. Mr. Rich also discussed revisions to the lottery's FY 2010 budget. These are not anticipated to affect lottery proceeds to the State, that the total amount raised for deposit into the Iowa Veterans Trust Fund from dedicated lottery revenue has risen to nearly \$2.4 million, that the latest audit of the lottery by the State Auditor's Office reported no material weaknesses or instances of non-compliance, that the lottery intends to continue the Midwest Millions joint instant-scratch game entered into with Kansas based on positive results, and that unannounced security checks are being conducted at retail locations with no instances of improper prize payment by store personnel uncovered thus far. He indicated that discussions regarding the State's potential involvement in an international game continue but with no decisions having been reached, that TouchPlay litigation has been largely settled or dismissed with four lawsuits remaining pending, that the lottery continues to monitor and

evaluate the potential impact of new and expanding casinos in the State and increased payouts for amusement devices on lottery revenue, that legislation has been introduced at the federal level which would allow for the regulation of internet gambling by the federal government and the licensing of those operating internet gambling facilities, and that the lottery is preparing a Request for Proposals for communications equipment, software, and computerized terminals which constitutes the largest contract involved in its operation, with an anticipated award date of June, 2010.

Mr. Rich additionally distributed a letter from the lottery responding to a report issued by the Office of State Ombudsman focusing on and questioning efforts by the lottery to prevent fraud and theft. Highlights of the letter include the notation that only 182 inquires were handled by the lottery's security department out of approximately 148,000,000 transactions during calendar year 2008, and that many of the recommendations contained in the report had been previously considered and implemented by the lottery. The letter states that areas of disagreement on the lottery's part are based upon concerns regarding undue governmental intrusion, red tape and impractical business application, game and personal security concerns and risks, and cost-benefit factors. Mr. Rich characterized the working relationship between the lottery and the Office as improving.

### **OTHER COMMITTEE BUSINESS**

Senator Olive indicated the Co-Chairs would be consulting after the meeting to consider potential agenda topics for upcoming meetings, and that a letter to legislative leadership requesting authorization to hold the number of meetings previously agreed upon by the Committee during the remainder of 2009 would be forthcoming.

### **ACTION ITEMS – FOLLOW UP**

Some questions were asked of the presenters. LSA Staff will follow up with all the specific questions for the agencies. LSA Staff will provide information on the bonding proceeds.

### **NEXT MEETINGS**

Next meeting is scheduled for September 24, 2009. Future tentative interim meeting dates are Tuesday, October 27, 2009 and Thursday, December 17, 2009.

### **ADJOURNED**

Senator Olive adjourned the meeting at 1:53 p.m.