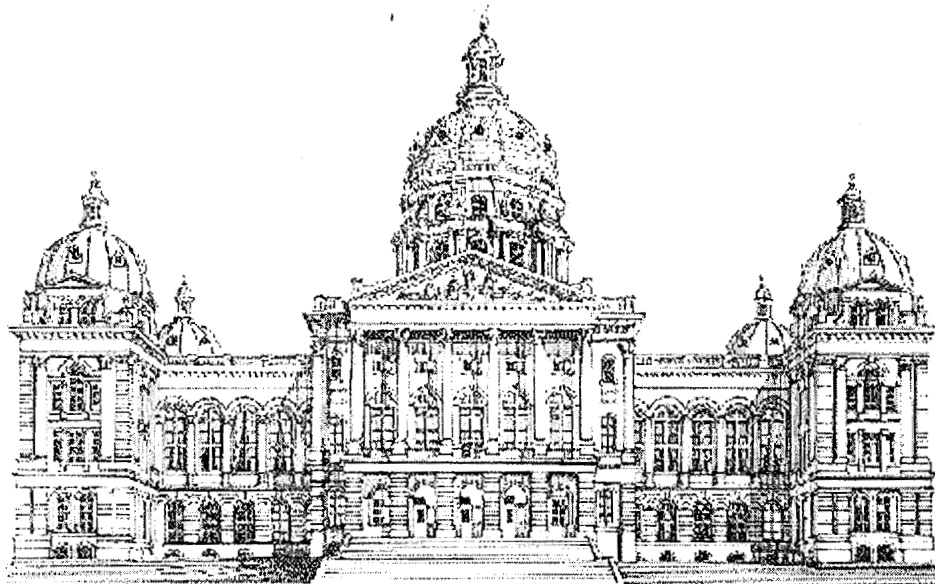


**STATE OF IOWA
SUMMARY OF FY 1999 BUDGET
AND
GOVERNOR'S RECOMMENDATIONS**



**Legislative Fiscal Bureau
January 1998**

FOREWORD



The purpose of this document is to provide the General Assembly with information concerning FY 1999 General Fund estimated receipts, departmental requests, and Governor's recommendations. This information provides an overall summary of the State Budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.

The emphasis of this document is to provide an overview of the General Fund, including revenues, expenditures, and FTE positions to all members of the General Assembly. The Legislative Fiscal Bureau (LFB) will have detailed budget documents for each appropriations subcommittee containing an overview and analysis of departmental budgets and Governor's recommendations. The appropriations subcommittees can use the documents for consideration of the FY 1999 budget.

The LFB provides a series of computer programs to allow legislators and legislative staff on-line access to several LFB products. The explanation and list of products are detailed in Appendix E titled Electronic Publishing of Information. A logo has been designed to assist in the location of products associated with the Electronic Publishing of Information. Whenever the logo is displayed, that information is available on-line through the LFB's "Fiscal" Program.



If you need additional detail information regarding a departmental request or Governor's recommendation, Appendix F contains a list of LFB staff members and assignments. The individual analysts have the detail information concerning each request.



Questions concerning this document should be directed to Dennis Prouty, LFB Director, (515) 281-5279.

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DOCUMENT NOTES

When Reviewing This Document, Please Note The Following:

Section 8.35A (2) Code of Iowa, requires the Department of Management (DOM) to transmit the Governor's recommendation to the Legislative Fiscal Bureau (LFB) by January 1 or no later than the date the Governor's budget document is delivered to the printer. The information in this document is based upon the December 31, 1997, budget tape received by the LFB. In some instances a department request may have been changed from the time the Department Request Summary was published in early December. Other items worth noting when reviewing this document include:

- A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖.
- Unless otherwise noted, funding comparisons, increases, and decreases are to estimated FY 1998.
- Revenues and expenditures are estimated for FY 1998 and FY 1999.
- FY 1997 data includes supplemental appropriations and salary adjustments, but not appropriation transfers or reversions. The FY 1998 and FY 1999 data does not include supplemental appropriations, salary adjustments, appropriation transfers, or reversions.
- **Appendix A** is a General Fund appropriations tracking document by appropriations subcommittee.
- **Appendix B** is a listing of the projected FY 1999 built-in increases and decreases compared to FY 1998.
- **Appendix C** is a glossary of budget terms.
- **Appendix D** contains a listing of the *Issue Reviews* completed by the LFB during the 1997 Interim.
- **Appendix E** contains an explanation and list of products available through the LFB's Electronic Publishing of Information. A logo has been designed to assist in the location of products associated with Electronic Publishing of Information. Whenever the logo is displayed, that information is available on-line through the LFB's "Fiscal" Program.
- **Appendix F** contains the LFB staff listing and assignments.



1998 IOWA LEGISLATIVE SESSION TIMETABLE

(If Legislative Rules remain unchanged)

- **January 12** - First day of Session.
- **January 23** - Final day for individual requests for bill drafts to be submitted to the Legislative Service Bureau.
- **February 27** - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- **March 2 - 6** - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- **March 9 - March 20** - Debate not limited by rule.
- **March 20** - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- **March 23 - March 27** - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- **March 30** - Amendments need not be filed on the day preceding floor debate.
- **March 30** - Only the following bills are eligible for consideration:
 - Appropriations bills
 - Ways and Means bills
 - Legalizing Acts
 - Co-sponsored by Majority and Minority Leaders
 - Companion bills sponsored by House and Senate Majority Leaders
 - Conference Committee Reports
 - Bills passed by both Houses in different forms
 - Concurrent or Simple Resolutions
 - Bills on the Veto Calendar
 - Administrative Rules Review Committee bills
 - Joint resolutions nullifying Administrative Rules
 - Unfinished business
- **April 21** - 100th day of the Session.



EXPENDITURE LIMITATION ACCOUNTS

Cash Reserve Fund (CRF)

- The Cash Reserve Fund Account requires a balance of 5.0% of the adjusted revenue estimate for the General Fund.
- The year-end General Fund surplus (ending balance) is appropriated to the Cash Reserve Fund.
- Interest on moneys deposited in the Fund is credited to the Rebuild Iowa Infrastructure Fund.
- Moneys in the Cash Reserve Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund are allowed if:
 - The appropriation is for a non-recurring emergency expenditure.
 - Funding is contained in a bill or resolution in which the appropriation is the only subject matter.
 - The appropriation is approved by a majority of the members of both chambers and the Governor if the Fund is not reduced to below 3.0%. Approval of 60.0% of the members of both chambers and the Governor is required if the Fund is to be reduced below 3.0% of the adjusted General Fund revenue estimate.

Generally Accepted Accounting Principles Deficit Reduction Account (GAAP)

- The Generally Accepted Accounting Principles (GAAP) Account receives the amount of Cash Reserve Fund moneys in excess of the required balance.
- The Department of Management must annually file with both houses of the General Assembly a schedule of the items for reducing the GAAP deficit.
- Moneys which exceed the amounts required to retire the GAAP deficit are appropriated to the Economic Emergency Fund.

Economic Emergency Fund (EEF)

- The maximum balance of the Economic Emergency Fund Account is 5.0% of the adjusted revenue estimate for the General Fund. Moneys in excess of the required 5.0% are transferred to the General Fund.
- Interest on moneys deposited in the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund.
- Moneys in the Economic Emergency Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund require approval of a majority of the members of both chambers and the Governor's signature for an emergency expenditure.

Rebuild Iowa Infrastructure Fund (RIIF)

- Funds in the Rebuild Iowa Infrastructure Fund shall be used for public infrastructure-related expenditures.
- ❖ All racing and gaming receipts in excess of \$60.0 million shall be credited to the Rebuild Iowa Infrastructure Fund. The Governor is recommending raising the statutory cap on gambling revenues transferred to the General Fund from the current \$60.0 million to \$85.0 million.
- Interest on moneys deposited in the Cash Reserve Fund and the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. Interest generated from the Rebuild Iowa Infrastructure Fund remains in the Fund.
- The General Assembly may provide that all or part of the moneys deposited in the GAAP Account may be transferred to the Rebuild Iowa Infrastructure Fund Account instead of the Economic Emergency Fund Account.

STATE OF IOWA
Flow of General Fund Revenues After Expenditure Limitation
(Dollars in Millions)

CASH RESERVE FUND (CRF)	Actual FY 1996	Actual FY 1997	Estimated FY 1998	Gov. Rec. FY 1999
Balance Brought Forward	\$ 84.5	\$ 201.6	\$ 215.0	\$ 219.6
Estimated Revenues:				
General Fund Ending Balance	291.7	252.8	348.7	367.3
Racing and Gaming Revenue	0.0	0.0	0.0	0.0
Total Funds Available	376.2	454.4	563.7	586.9
Excess Transferred to GAAP	-174.6	-239.4	-344.1	-366.7
Balance Carried Forward	<u>\$ 201.6</u>	<u>\$ 215.0</u>	<u>\$ 219.6</u>	<u>\$ 220.2</u>

GAAP DEFICIT REDUCTION ACCOUNT	Actual FY 1996	Actual FY 1997	Estimated FY 1998	Gov. Rec. FY 1999
Balance Brought Forward	\$ 23.9	\$ 0.0	\$ 0.0	\$ 0.0
Estimated Revenues:				
Excess Transferred from CRF	174.6	239.4	344.1	366.7
Use Tax Revenue	0.0	0.0	0.0	0.0
Total Funds Available	198.5	239.4	344.1	366.7
GAAP Appropriation Buy-back				
Excess Transferred to RIIF	-50.0			
Excess Transferred to EEF	-148.5	-239.4	-344.1	-366.7
Balance Carried Forward	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

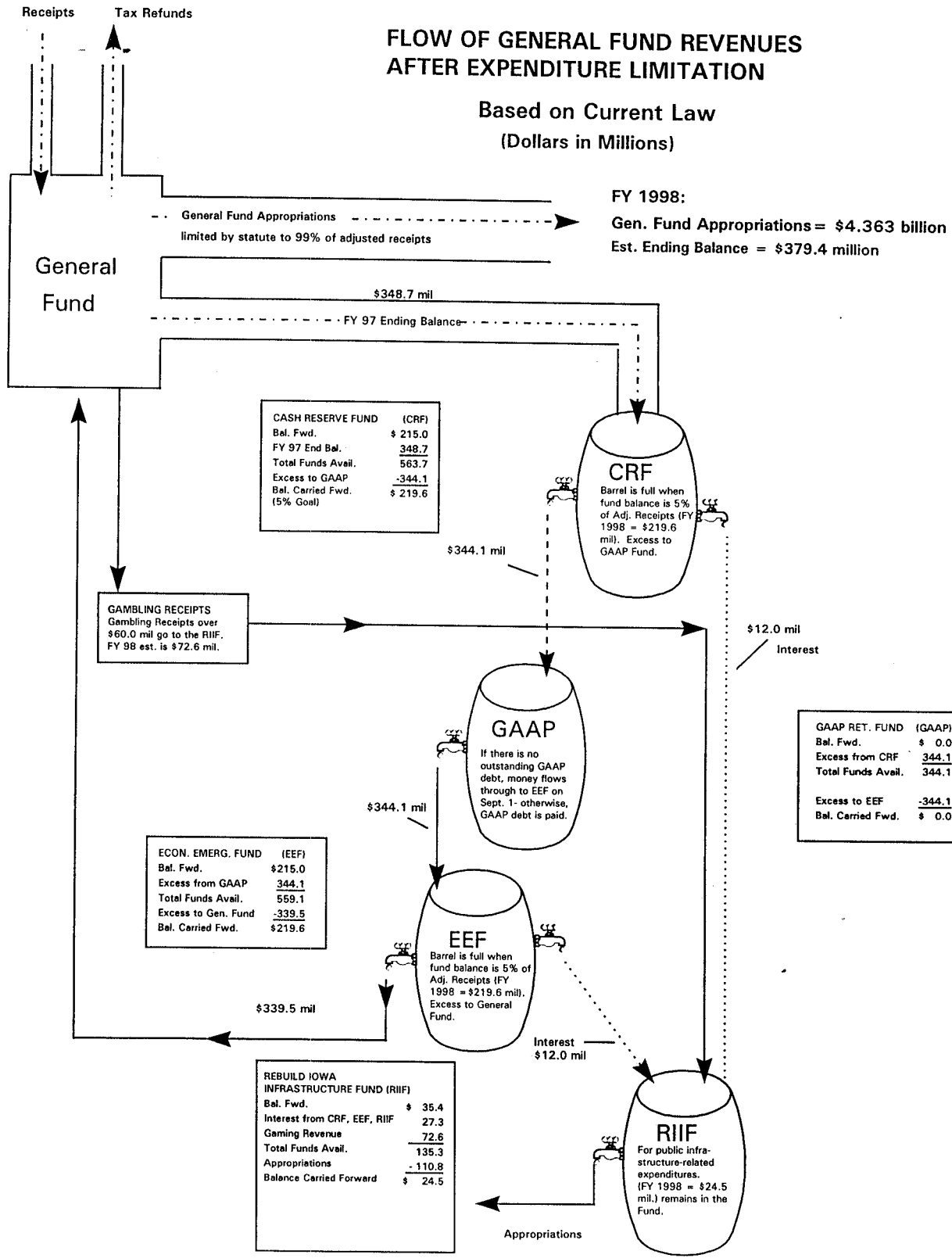
IOWA ECONOMIC EMERGENCY FUND (EEF)	Actual FY 1996	Actual FY 1997	Estimated FY 1998	Gov. Rec. FY 1999
Balance Brought Forward	\$ 7.7	\$ 156.2	\$ 215.0	\$ 219.6
Estimated Revenues:				
Excess from GAAP	148.5	239.4	344.1	366.7
Interest				
Total Funds Available	156.2	395.6	559.1	586.3
Excess Transferred to the Gen. Fund		-180.6	-339.5	-366.1
Balance Carried Forward	<u>\$ 156.2</u>	<u>\$ 215.0</u>	<u>\$ 219.6</u>	<u>\$ 220.2</u>

REBUILD IOWA INFRASTRUCT. FUND (RIIF)	Actual FY 1996	Actual FY 1997	Estimated FY 1998	Gov. Rec. FY 1999
Balance Brought Forward	\$ 0.0	\$ 71.7	\$ 34.4	\$ 22.3
Estimated Revenues:				
Reversion	0.0	0.2	1.0	1.0
Interest from CRF, EEF, & RIIF	23.4	29.6	27.3	27.5
Gambling Revenue	46.2	69.6	72.6	52.9
Marine Fuel Tax				2.3
Funds Transferred from GAAP	50.0			
Total Funds Available	119.6	171.1	135.3	106.0
Enacted Appropriations	-47.9	-136.7	-110.8	-70.9
Gov. Recommended Appropriations			-2.2	-34.0
Balance Carried Forward	<u>\$ 71.7</u>	<u>\$ 34.4</u>	<u>\$ 22.3</u>	<u>\$ 1.1</u>

The following flowchart illustrates the flow of General Fund revenues after expenditure limitation and under current law.

FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION

Based on Current Law
(Dollars in Millions)



FY 1999 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC) which meets at least quarterly. Members are the Director of the Legislative Fiscal Bureau (Dennis Prouty), the Governor or the Governor's designee (Gretchen Tegeler, Director of the Department of Management), and a third member agreed to by the other two members (David Underwood, Mason City businessman). The REC was created by statute in 1987 during government reorganization.

The December estimate (this year the December meeting was held in November) is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December.

Note: On November 20, 1997, the REC estimated FY 1999 total State General Fund revenues at \$4.857 billion. This reflects growth in revenue of \$71.8 million (1.5%) compared to estimated FY 1998. The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus excess balances from prior years.

STATE OF IOWA

Projected Condition of the General Fund

GENERAL FUND BALANCE

(Dollars in Millions)

	Fiscal Year 1998		Fiscal Year 1999	
	Governor's Recomm.	Current Law	Governor's Recomm.	Current Law
<i>Estimated Funds Available:</i>				
Estimated Receipts				
Revenue Est. Conference	\$ 4,785.0	\$ 4,785.0	\$ 4,856.8	\$ 4,856.8
Excess from Economic Emergency Fund	339.5	339.5	366.1	366.1
Revenue Adjustments (Exh. 1)	-2.8		-64.2	
Transfers (Exh. 1)	39.6	39.6	36.4	5.1
Total Receipts	5,161.3	5,164.1	5,195.1	5,228.0
Tax Refunds	- 418.8	- 418.8	- 438.2	- 438.2
Accruals	-10.5	- 10.5	13.0	13.0
<i>Total Funds Available</i>	4,732.0	4,734.8	4,769.9	4,802.8
			<i>Expenditure Limitation</i>	<i>Expenditure Limitation</i>
			\$ 4,724.8	\$ 4,758.4
<i>Estimated Appropriations:</i>				
General Fund	4,362.9	4,362.9	4,544.1	
Supplemental Appropriations (Exh. 1)	1.8			
Reversions	0.0	-7.5	0.0	
<i>Net Appropriations</i>	4,364.7	4,355.4	4,544.1	0.0
<i>Ending Balance prior to Cash Reserve Transfer</i>	\$ 367.3	\$ 379.4	\$ 225.8	\$ 0.0

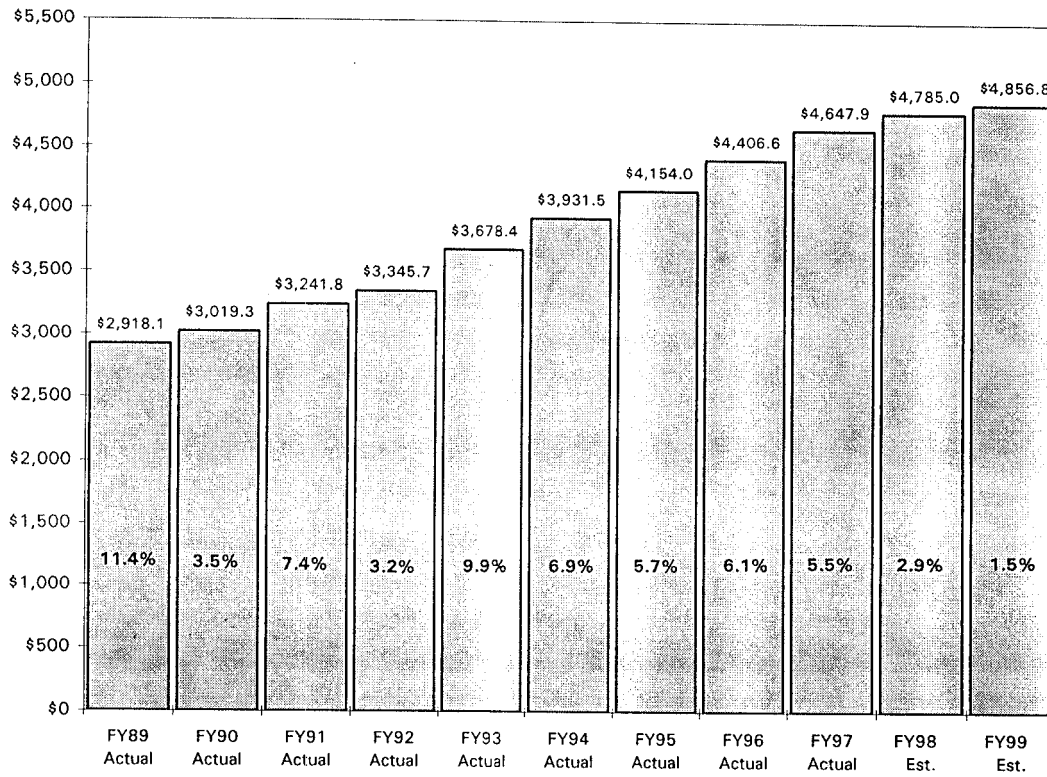
**STATE OF IOWA
GENERAL FUND BALANCE**
(Dollars in Millions)

Exhibit 1

	Fiscal Year 1998		Fiscal Year 1999	
	Governor's Recomm.	Current Law	Governor's Recomm.	Current Law
Revenue Adjustments				
Proposed Tax Changes				
Internal Revenue Code - Conforming	\$ - 2.8	\$	\$ - 11.7	\$
Capital Gains			- 18.0	
Internet Sales Tax Exemption			- 4.0	
Pension Exemption			- 24.5	
Tuition Tax Credit			- 3.8	
Tax Exempt Bonds			- 0.7	
Other Revenue Adjustments				
Gaming Receipts: Change of threshold from \$60 to \$85 million			25.0	
Woodward - Net Budgeting			- 26.1	
Agriculture Linked Deposits			- 1.2	
Abstract Fees			- 0.4	
Osceola Riverboat Fees			0.2	
Commerce - Additional Fees			0.3	
Criminal Payment Fees			0.7	
Total Revenue Adjustments	\$ - 2.8	\$ 0.0	\$ - 64.2	\$ 0.0
 Transfers				
Lottery Proceeds	\$ 34.5	\$ 34.5	\$ 33.0	\$
Marine Fuel Tax Revenues	2.7	2.7	0.4	2.7
Indirect Cost Transfers	1.5	1.5	1.5	1.5
Corrections Infrastructure Fund	0.2	0.2	0.8	0.8
Miscellaneous	0.7	0.7	0.7	0.7
Total Cash Transfers	\$ 39.6	\$ 39.6	\$ 36.4	\$ 5.7
 Supplemental Appropriations				
Natural Resources - Retirement	\$ 0.5			
Telecommunications - Video Subsidization	0.9			
General Services - Utilities	0.1			
General Services - Rent/Leasing	0.1			
Education - School Finance Task Force	0.1			
Public Television - Conversion Study	0.1			
Total Supplemental Appropriations	\$ 1.8	\$ 0.0		

STATE GENERAL FUND RECEIPTS AND PERCENT OF GROWTH FY 1989 - FY 1999

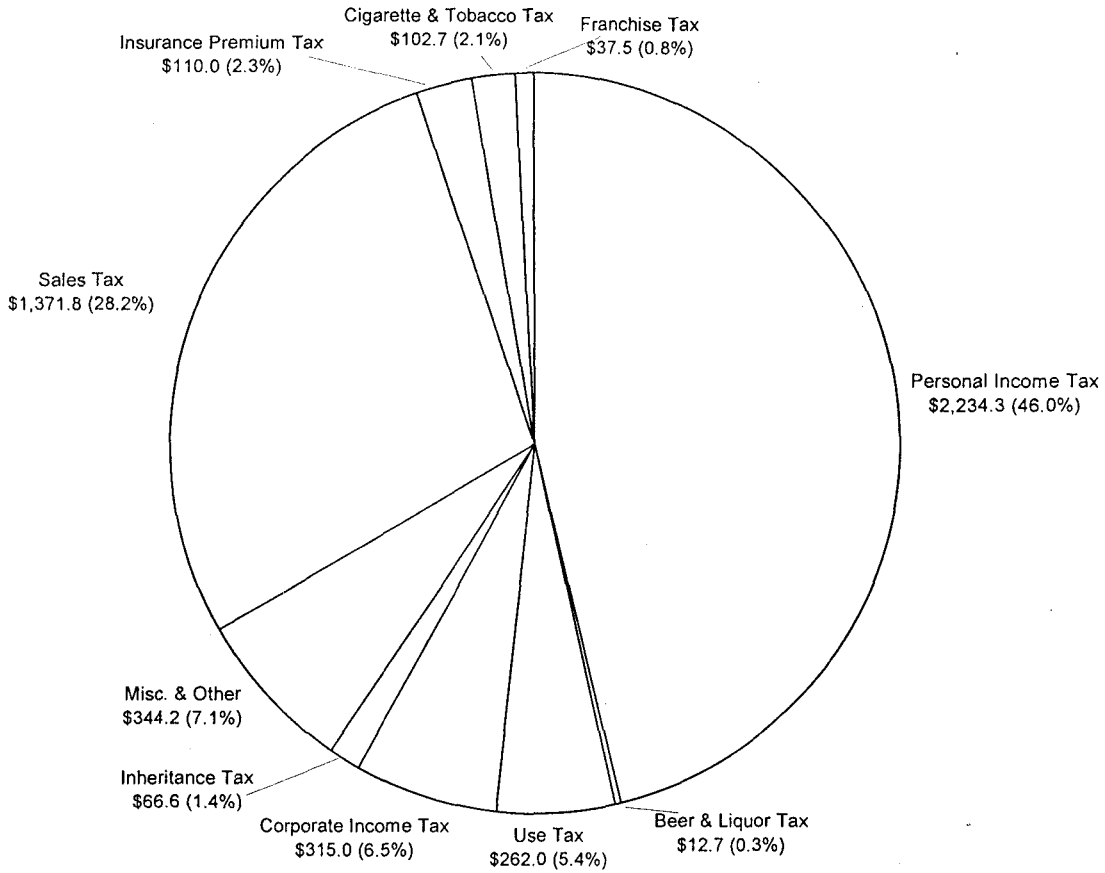
(Dollars in Millions)



Note: FY 1998 and FY 1999 figures are as estimated by the November 20, 1997,
Revenue Estimating Conference.

FY 1999 ESTIMATED GENERAL FUND RECEIPTS

(Dollars in Millions)



Total Estimated General Fund Receipts: \$4.857 billion

Note: As estimated by the November 20, 1997, Revenue Estimating Conference.
Totals may not add due to rounding.

FY 1997 - FY 1999 REVENUE PROJECTION FOR THE GENERAL FUND

(Dollars in Millions)

	FY 1997 vs.		FY 1998 Est.		FY 1999 Est.	
	FY 1997 Actual	FY 1996 Actual	FY 1998 Estimate	vs. FY 1997 Actual	FY 1999 Estimate	vs. FY 1998 Estimate
Tax Receipts						
Personal Income Tax	\$2,123.1	6.1%	\$2,232.9	5.2%	\$2,234.3	0.1%
Sales Tax	1,237.4	2.0%	1,300.0	5.1%	1,371.8	5.5%
Use Tax	223.1	7.4%	245.0	9.8%	262.0	6.9%
Corporate Income Tax	318.8	14.8%	300.0	-5.9%	315.0	5.0%
Inheritance Tax	109.3	14.0%	97.2	-11.1%	66.6	-31.5%
Insurance Premium Tax	106.0	1.6%	110.0	3.8%	110.0	0.0%
Cigarette Tax	94.6	0.5%	97.0	2.5%	97.0	0.0%
Tobacco Tax	5.7	7.5%	5.7	0.0%	5.7	0.0%
Beer Tax	12.5	-0.8%	12.5	0.0%	12.7	1.6%
Franchise Tax	35.6	34.3%	35.6	0.0%	37.5	5.3%
Miscellaneous Tax	1.2	33.3%	1.0	-16.7%	1.0	0.0%
Total Tax	<u>\$4,267.3</u>	<u>5.7%</u>	<u>\$4,436.9</u>	<u>4.0%</u>	<u>\$4,513.6</u>	<u>1.7%</u>
Other Receipts						
Institutional Payments	104.3	-0.7%	73.1	-29.9%	68.9	-5.7%
Liquor Transfers						
A. Profits	28.8	-0.7%	30.0	4.2%	30.0	0.0%
B. 7% Gross Revenues	9.0	0.0%	9.0	0.0%	9.0	0.0%
Interest	18.0	33.3%	20.0	11.1%	20.0	0.0%
Fees	63.6	3.1%	64.8	1.9%	64.0	-1.2%
Judicial Revenue	42.9	7.3%	43.9	2.3%	43.8	-0.2%
Miscellaneous Receipts	54.0	9.1%	47.3	-12.4%	47.5	0.4%
Racing and Gaming	60.0	0.0%	60.0	0.0%	60.0	0.0%
Total Other Receipts	<u>380.6</u>	<u>3.5%</u>	<u>348.1</u>	<u>-8.5%</u>	<u>343.2</u>	<u>-1.4%</u>
Total Receipts	<u><u>\$4,647.9</u></u>	<u><u>5.5%</u></u>	<u><u>\$4,785.0</u></u>	<u><u>2.9%</u></u>	<u><u>\$4,856.8</u></u>	<u><u>1.5%</u></u>

Note: FY 1998 and FY 1999 were estimated by the Revenue Estimating Conference on November 20, 1997. The revenues do not reflect refunds, transfers, or accruals.

GOVERNOR'S FY 1999 GENERAL FUND RECOMMENDATION

❖ The Governor's FY 1999 General Fund budget recommendation is \$4.544 billion, an increase of \$181.2 million (4.2%) compared to estimated FY 1998.

- ❖ The Governor is recommending \$1.8 million in FY 1998 supplemental appropriations. This results in a FY 1998 ending General Fund balance of \$367.3 million. The FY 1998 ending balance will exceed the 5.0% requirement of the Cash Reserve Fund and the 5.0% requirement of the Economic Emergency Fund. The Governor's FY 1999 budget includes \$366.1 million excess transferred from the Economic Emergency Fund to the General Fund.
- ❖ Combined FY 1999 tax reductions of \$62.7 million, including: double pension exemption (\$24.5 million), capital gains (\$18.0 million), conforming to the Internal Revenue Code (\$11.7 million), Internet sales tax exemption (\$4.0 million), tuition tax credit (\$3.8 million), and tax exempt bonds (\$0.7 million).
- ❖ The Governor is recommending the funding of technology initiatives by dedicating the FY 1998 General Fund reversions from all departments to finance a prioritized list of technology projects. This was the funding mechanism used to fund the \$15.0 million Year 2000 conversion project. The Governor's technology initiative list includes \$31.3 million worth of projects. This is the approximate amount of the FY 1997 reversion. The projects would be funded in priority order based upon the amount of reversion funds available.
- ❖ The Governor is recommending changing the transfer amount of gambling revenues to the Rebuild Iowa Infrastructure Fund (RIIF). The Governor has identified this source of revenue to expand the pension exemption. Currently gambling revenues in excess of \$60.0 million are required by the Code of Iowa to be transferred to the RIIF. The Governor's proposal would change the transfer to gambling receipts in excess of \$85.0 million, resulting in \$25.0 million additional General Fund receipts.
- ❖ The Governor's FY 1999 budget reduces receipts by \$64.2 million and increases spending by \$181.3 million. The combined effect is a decrease in the FY 1999 ending General Fund balance (\$225.8 million) compared to the estimated FY 1998 ending fund balance. The subsequent transfer to the General Fund of the excess from the Economic Emergency Fund decreases from \$366.1 million in FY 1998 to an estimated \$200.9 million in FY 1999.

Table 1 lists the General Fund increases and decreases of \$2.0 million or more recommended by the Governor for FY 1999.

Table 1

Governor's Major General Fund Decreases/Increases Recommendations

<u>Department</u>	<u>Appropriation</u>	<u>Estimated FY 1998</u>	<u>Governor's Rec. FY 1999</u>	<u>Difference Gov. Rec. v. FY 1998</u>	<u>% Change Gov. Rec. v. FY 1998</u>
Human Services	Woodward Hospital-School	\$ 27,255,709	\$ 1,684,390	\$ -25,571,319	-93.8%
Human Services	Child and Family Services	111,084,000	96,779,133	-14,304,867	-12.9%
Human Services	Child Care Services	13,740,000	8,740,000	-5,000,000	-36.4%
	<i>Total Decreases Over \$2.0 Million</i>	<u>\$ 152,079,709</u>	<u>\$ 107,203,523</u>	<u>\$ -44,876,186</u>	
Education	School Foundation Aid	\$ 1,558,212,421	\$ 1,621,112,506	\$ 62,900,085	4.0%
Management	Salary Adjustment	0	44,255,284	44,140,540	100.0%
Human Services	Family Investment Program	9,060,000	31,431,313	22,371,313	246.9%
Education	Meritorious Recognition	0	9,360,500	9,360,500	100.0%
Public Safety	Iowa State Patrol	18,431,666	27,155,637	8,723,971	47.3%
Human Services	State Children's Health Insurance	0	7,000,000	7,000,000	100.0%
Human Services	MH/DD Growth Factor	6,163,211	12,504,538	6,341,327	102.9%
Corrections	Ft. Dodge Institute	9,659,971	15,309,603	5,649,632	58.5%
Revenue and Finance	M&E Property Tax Replacement	11,300,000	16,800,000	5,500,000	48.7%
Judicial Branch	Judicial Branch	97,519,356	102,818,908	5,299,552	5.4%
Education	Early Childhood Grants	0	5,200,000	5,200,000	100.0%
Human Services	Medical Assistance	381,789,000	385,872,553	4,083,553	1.1%
Personnel	IDOP-Operations	1,283,246	4,417,594	3,134,348	244.3%
Education	MAS-General Aid	130,582,051	133,582,051	3,000,000	2.3%
College Aid	Tuition Grant Program-Stand	41,664,750	44,664,750	3,000,000	7.2%
Human Services	Child Support Recoveries	6,732,885	9,379,483	2,646,598	39.3%
Corrections	Mt. Pleasant Institute	15,507,451	18,146,244	2,638,793	17.0%
Education	Educational Excellence	80,981,336	82,991,336	2,010,000	2.5%
Education	Extended School Year	0	2,000,000	2,000,000	100.0%
	<i>Total Increases Over \$2.0 million</i>	<u>\$ 2,369,002,088</u>	<u>\$ 2,574,002,300</u>	<u>\$ 205,000,212</u>	
	Total Other Changes	\$ 1,841,910,406	\$ 1,862,910,320	\$ 21,114,658	1.1%
	Grand Total	<u>\$ 4,362,877,459</u>	<u>\$ 4,544,116,143</u>	<u>\$ 181,238,684</u>	4.2%



The Governor's FY 1999 General Fund recommendations are listed in Table 2 by Appropriations Subcommittee. Details of the recommendations are included in the FY 1999 Budgets and Subcommittee Issues Section of this document.

Table 2
Governor's FY 1999 General Fund Recommendations

(Dollars in Millions)

<u>Subcommittee</u>	<u>Est.</u> <u>FY 1998</u>	<u>Gov.</u> <u>Rec.</u> <u>FY 1999</u>	<u>FY 1999</u> <u>vs.</u> <u>FY 1998</u>	<u>%</u> <u>Change</u>
Administration & Regulation	\$ 84.4	\$ 131.2	\$ 46.8	55.5%
Agriculture & Natural Resources	48.9	50.0	1.1	2.2%
Economic Development	39.6	41.1	1.5	3.8%
Education	849.6	880.4	30.8	3.6%
Health & Human Rights	87.8	89.0	1.2	1.4%
Human Services	837.0	835.0	-2.0	-0.2%
Justice System	390.5	420.4	29.9	7.7%
Trans., Infrastructure, & Capitals	5.9	4.0	-1.9	-32.2%
Oversight & Communications	22.6	23.9	1.3	5.8%
Unassigned Standings	1,996.5	2,069.3	72.8	3.6%
TOTAL	<u>\$ 4,362.9</u>	<u>\$ 4,544.1</u>	<u>\$ 181.2</u>	<u>4.2%</u>

Note: The dollar amounts may not add due to rounding.

The Governor's FY 1998 General Fund supplemental appropriation recommendations are listed in **Table 3**.

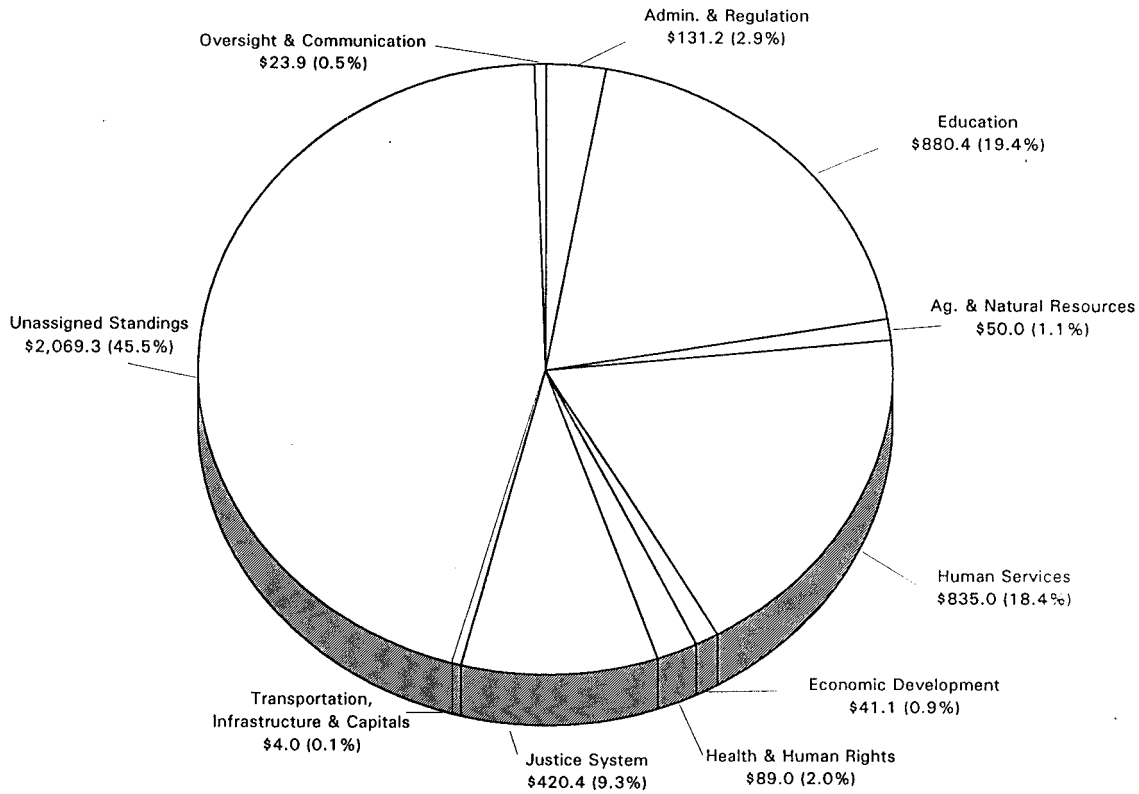
Table 3
Governor's FY 1998 Supplemental General Fund Recommendations

<u>Department</u>	<u>Supplemental Appropriation</u>	<u>Gov. Rec.</u> <u>FY 98</u>
IA Communications Network	<i>Video Subsidization</i> - To cover the fixed costs of providing video services over the ICN as usage has not grown at the rate originally forecast.	\$ 900,000
Natural Resources	<i>Retirement</i> - This covers the cost of some employees in the Parks and Preserves Division that are now eligible for Special Police Officer Council (SPOC) retirement pay benefits.	500,000
Iowa Public Television	<i>Conversion Study</i> - Funds for a study to determine what will be required to convert their transmitters and the Johnston studio to digital television transmission.	150,000
General Services	<i>Utilities</i> - Recommended due to the weather extremes resulting in increased costs for utilities.	126,197
General Services	<i>Rent/Leasing</i> - To fund a position eliminated last session.	53,448
Education	<i>School Finance Task Force</i> - The Governor recommends the establishment of a task force to study the school finance formula due to the sunset of the current formula on July 1, 2001. A supplemental is recommended to enable the task force to complete its work by the 1999 legislative session.	25,000
		<u>\$ 1,754,645</u>

FY 1999 GENERAL FUND GOVERNOR'S RECOMMENDATIONS

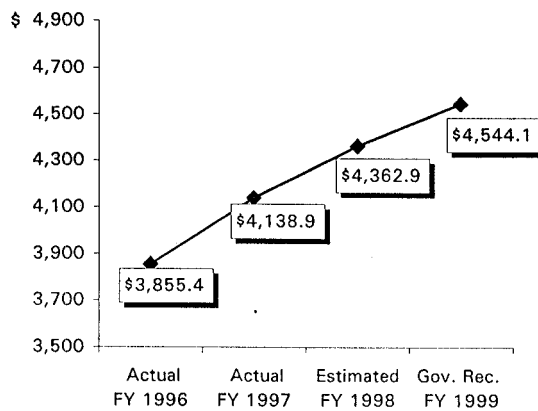
(Dollars in Millions)

Total FY 1999 Recommendations: \$4,544.1



Note: Totals may not add due to rounding.

Appropriations and Governor's Recommendations FY 1996 - FY 1999



SALARIES AND COLLECTIVE BARGAINING

The State of Iowa completed negotiations with the six unions representing State employees for the salaries and benefits during the Spring of 1997 for FY 1998 and FY 1999. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:

- September through December - Unions and the State present initial proposals.
- January through March - Subsequent bargaining sessions which may include the appointment of a mediator, fact finding, and binding arbitration.
- March 15 - Deadline for completion of the agreement.

❖ The following table is a summary of the agreements between the State and the six collective bargaining units. The table contains only a summary of the major points. The Governor is recommending \$44.3 million from the General Fund for FY 1999 for the costs associated with the collective bargaining agreements negotiated during FY 1997. Because collective bargaining agreements cover two years, there will be no collective bargaining negotiations during the 1998 Legislative Session.

COLLECTIVE BARGAINING UNIT AGREEMENTS

Bargaining Unit	FY 1998		FY 1999	
	Wages	Benefits	Wages	Benefits
American Federation of State, County and Municipal Employees (AFSCME)	<ul style="list-style-type: none"> • 3.0% across-the-board increase. • Steps for eligible employees. 	<ul style="list-style-type: none"> • Creation of single insurance plan replacing Wellmark Plans 2 and 3. The new plan has 20.0% coinsurance and a \$600 annual out-of-pocket limit for singles and \$800 for families. State pays entire share for singles and 70.0% of the family plan premium. 	<ul style="list-style-type: none"> • 3.0% across-the-board increase. • Steps for eligible employees. 	<ul style="list-style-type: none"> • Same as FY 1998, except State and employees share equally in premium increase for health insurance.
United Faculty of Iowa (UFI)	<ul style="list-style-type: none"> • 2.14% across-the-board increase. • \$315 incremental increase added to base pay. • \$573 individual adjustment distributed by the Board of Regents. (These three increases are estimated to be an overall increase of approximately 4.0%.) 	<ul style="list-style-type: none"> • Status quo health insurance, with the employer paying 75.0% of the premium for family coverage. 	<ul style="list-style-type: none"> • 2.14% across-the-board increase. • \$328 incremental increase added to base pay. • \$595 individual adjustment distributed by the Board of Regents. 	<ul style="list-style-type: none"> • Same as FY 1998

	FY 1998		FY 1999	
Bargaining Unit State Police Officers Council (SPOC)	Wages • 3.0% across-the-board increase. • Step increases for eligible individuals.	Benefits • Increase in the State share of family health insurance coverage from 74.7% to 78.0% for family plans.	Wages • 3.0% across-the-board increase. • Step increases for eligible individuals.	Benefits • Same as FY 1998
Public Professional and Maintenance Employees (PPME)	• 3.0% across-the-board increase. • Step increases for eligible individuals.	• No change	• 3.0% across-the-board increase. • Step increases for eligible individuals.	• No change
Campaign to Organize Graduate Students (COGS)	• 2.1% across-the-board increase.	• 1.9% increase (of salary) contributed to the cost of health insurance.	• 4.0% across-the-board increase.	• No planned increase in the cost of health insurance.

GOVERNOR'S FY 1999 TAX RECOMMENDATIONS

- ❖The Governor is recommending conforming (coupling) with the recent federal tax changes for Internal Revenue Code purposes. The estimated impacts of conforming with the federal definitions of income are a net loss in General Fund revenue of \$2.8 million in FY 1998, \$11.7 million in FY 1999, and \$7.0 million in FY 2000. Please see the following section, the impact of the federal tax reform legislation, for a more complete discussion of the recent federal changes.
- ❖The Governor is recommending removing the limit on exclusions for certain types of capital gains. Currently, up to \$17,500 of capital gains on certain types of agriculturally-related activities are excluded from income. Under the Governor's proposal, 100.0% of the income from the specified gains would be exempt. Additionally, the Governor is also recommending eliminating capital gains on agriculture or family owned businesses when they are sold to a lineal descendent. The estimated General Fund revenue loss of expanding the capital gains exclusion is \$18.0 million in FY 1999.
- ❖The Governor is recommending increasing the tuition tax credit from 10.0% to 25.0% and expanding the definition of fees to include all fees except those fees of a religious nature. The estimated General Fund revenue loss of increasing the tuition tax credit is \$3.8 million in FY 1999.
- ❖The Governor is recommending providing a full sales tax exemption for Internet related services. The estimated General Fund revenue loss of providing the internet sales tax exemption is \$4.0 million in FY 1999.
- ❖The Governor is recommending increasing the pension exclusion from \$3,000 and \$6,000 (single/joint filers) to \$6,000 and \$12,000, respectively. The estimated General Fund revenue loss of doubling the pension exclusion is \$24.5 million for FY 1999.
- ❖The Governor is recommending making school bonds for infrastructure purposes state income tax exempt. Currently, such bonds are tax exempt at the federal level but are subject to State income tax. The estimated General Fund revenue loss of providing tax-exempt status for infrastructure school bonds is \$700,000 for FY 1999.

- ❖ The Governor is also recommending raising the statutory cap on gambling revenues transferred to the General Fund from the current \$60.0 million to \$85.0 million. Currently, all gaming revenues in excess of \$60.0 million are transferred to the Rebuild Iowa Infrastructure Fund (RIIF).

Governor's FY 1999 Proposed Tax Reductions

Dollars in Millions

Proposal	FY 1999 Total General Fund Impact
Internal Revenue Code - Conforming	\$ -11.7
Capital Gains	-18.0
Tuition Tax Credit Expansion	-3.8
Internet Sales Tax Exemption	-4.0
Increase Pension Exclusion	-24.5
Tax Exempt School Bonds	-0.7
Total	\$ -62.7

CRITERIA FOR EVALUATION OF TAX POLICIES

Several policy options relating to various taxes have been proposed by members of the General Assembly. The following are eight criteria that can help shape and explain any plan that may be under consideration. Although most of the provided examples relate to the individual income tax, the criteria can be utilized in the development of any proposed change to the State and local tax system.

Simplification

The simplification concept applies to both the State and the taxpayers; that is, initiating changes that ease administrative burdens on the State and also ease compliance efforts on the part of the taxpayers. Options relating to the individual income tax include:

- Coupling the federal tax code, which could be done either in the form of piggy-backing (taxpayers pay a percentage of their federal tax); or coupling federal taxable income (the State would use the federal definition of "taxable income" and apply new rates and brackets).
- Initiating a flat tax, which may involve starting with federal adjusted gross income (AGI). Typically, complexity relating to the definition of "taxable income" is substantially more difficult to comply with and administer than complexity relating to rates and brackets. Thus, the General Assembly may wish to utilize a simple definition of taxable income (such as AGI) and apply a new set of brackets and rates.
- Virtually anything the State does to increase the extent to which Iowa tax law couples federal tax law will render the system simpler, although doing so may have undesirable consequences relating to the other criteria.

Equity

The concept of equity implies that "equals" should be treated similarly and "unequals" may need to be treated dissimilarly. This concept relates more specifically to how similar individuals in different income classes are taxed; and how dissimilar individuals within the same income class are taxed. The General Assembly may wish to consider specific tax policy related to this issue. Income tax examples that might fall into this area of consideration include: the standard deduction, earned income tax credit, rate structure, dependent exemption, pension taxation, and the tuition/textbook credit. However, almost any change to current income tax law will have equity ramifications.



Competitiveness

It is not known to what extent, if any, the Iowa individual income tax encourages individuals and businesses to migrate into or out of the State. Cross-state comparison analysis has shown that the variance in actual income tax liability is probably too small to have a significant impact. However, if the top rate (rather than actual tax) is resulting in the perception that the Iowa individual income tax is out of line with other states, the General Assembly may wish to consider lowering the rate. The rate could be lowered either in a manner that is revenue neutral or in a manner that results in revenue loss. The options under the simplification section would all have the effect of reducing the top marginal rate.

Revenue Stability/Responsiveness

The General Assembly may wish to consider actions that could be taken to maintain or improve the stability or responsiveness of individual income tax revenues. An example includes reviewing the effects of the deduction for federal income taxes paid. Specifically, when the federal government increases taxes, federal deductibility results in a decrease in Iowa tax revenues. Conversely, when the federal government decreases taxes, Iowa taxpayers receive a smaller reduction than taxpayers in states without federal deductibility since State income taxes increase.

Stability and responsiveness, however, are often mutually exclusive. A stable tax system is one that maintains consistent revenue streams throughout the business cycle, so that recessions don't result in shortfalls, and expansions don't result in unnecessary surpluses. Responsiveness to the business cycle can be beneficial when strong economic expansion increases government revenues so that increased demand for government services is satisfied. Thus highly responsive systems tend to be unstable, and highly stable systems tend to be unresponsive. The purpose of a broad-based multi-tax system can help to balance these two competing goals, such that economic expansions provide sufficient growth in revenues, but contractions do not result in budgetary shortfalls. However, such a system may add complexity.

Neutrality

Neutrality relates to economic efficiency. Changes in tax policy should not cause undo interference in the economic decisions of individuals and businesses. In other words, the administration of the tax should not inadvertently affect the decisions that individuals make with respect to buying or producing a given mix of goods and services.

Exceptions arise when markets function poorly. The State can either tax or regulate an industry so that the true costs of the product are reflected in the price. A good example is taxing (or regulating) emissions from a smokestack. This will

result in an increase in price and a decrease in sales of the item being produced. However, in this case, the tax adds efficiency because neighbors of the smokestack no longer are required to bear the cost of the pollution.

In general, however, neutral tax policy will maximize the output of the State economy and produce the most goods and services at the least price.

Exportability

Exportability relates to shifting the tax burden to other states. All things being equal, any state would prefer to export tax burden to residents of other states. However, this often results in competitiveness problems. In some ways, state tax deductibility affects exportability. When Iowa increases income taxes, the burden is shifted to the federal government, because State taxes are an itemized deduction. When Iowa decreases income taxes, the State revenue loss exceeds taxpayer gains for the same reason (tax burden is imported).

Revenue Adequacy

Revenue adequacy of the tax system relates more to the tax system as a whole, but the income tax is the largest contributor. This criteria emphasizes the importance of overall State fiscal policy so that tax reductions are viewed within the context of the appropriations process.

Accountability

Accountability relates to the extent to which a tax system is transparent, so that tax increases and tax decreases are the result of direct government action rather than an automatic process. Accountability also refers to the portions of the tax system that are formula driven and thus subject to little or no legislative oversight, such as open-ended exemptions or deductions that may have the effect of eroding the tax base.

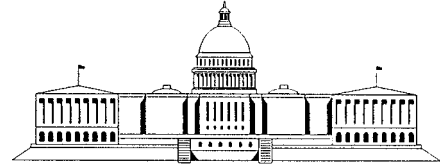


For example, during the 1996 Legislative Session, the General Assembly improved the accountability (transparency) of the individual income tax by approving full indexation of the tax brackets. Prior to indexing, an individual's tax liability could increase with wage inflation, even though the purchasing power of the individual's wages did not change. This process is often referred to as "bracket creep."

EFFECT OF RECENT FEDERAL TAX LAW CHANGES

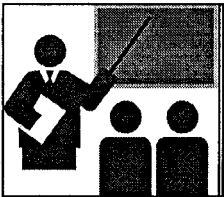
Federal Tax Reform

On August 5, 1997, the President signed the Taxpayer Relief Act of 1997. This summary describes the major provisions in the Act. Following this summary is a table illustrating the impact of the federal tax changes. The figures included assume full coupling of the federal definition of income. The November 1997 Revenue Estimating Conference has included all of these changes in their FY 1998 and FY 1999 revenue estimates except for the impacts of coupling with the federal definition of income. These costs are illustrated in the tables following this narrative.



Major Provisions

- **Child and Dependent Tax Credit** - A \$400 Child and Dependent Tax Credit is available for tax year 1998, and the credit will be increased to \$500 for subsequent tax years. Taxpayers are allowed to take the credit for each dependent under the age of 17. The credit is reduced by \$50 for each \$1,000 of modified adjusted gross income (AGI) in excess of \$110,000 (\$75,000 for singles).
- **Education Provisions**



- **Hope Tax Credit** - A Hope Income Tax Credit is provided for qualified tuition and fees for the first two years of a taxpayer's, spouse's, or dependent's post-secondary education. The credit is nonrefundable and is available for up to 100.0% of the first \$1,000 and 50.0% of the next \$1,000 of eligible expenses, beginning with expenses incurred on or after January 1, 1998.
- **Lifetime Learning Credit** - Effective for education expenses paid after June 30, 1998, a nonrefundable Lifetime Learning Tax Credit equal to 20.0% up to \$5,000 (\$10,000 beginning in 2003) is available for students enrolled in classes at an eligible education institution to acquire or improve job skills. This applies to students in degree and non-degree programs.
- **Phase-out and Limitations** - Both credits are phased out for joint filers with modified AGI between \$80,000 and \$100,000 and for single taxpayers with modified AGI between \$40,000 and \$50,000. Both credits may be claimed for eligible expenses of the taxpayer and the

taxpayer's spouse and dependents. Although both credits may be taken by the taxpayer, only one credit may be used for each individual student.

- **Capital Gains Provisions**

- **Capital Gains Rate Reduction** - The maximum tax rate on long-term net capital gains is reduced from 28.0% to 20.0%, retroactive to May 7, 1997. Long-term gains that would have been taxed at 15.0% will now be taxed at a 10.0% rate.
- **Long-term Gains** - The Act also extended the time property must be held to qualify for long-term treatment. For gains realized between May 7, 1997, and July 28, 1997, the property must have been held at least one year. Beginning with realizations after July 28, 1997, property must be held for 18 months. Property held between one year and 18 months will continue to be taxed at a top rate of 28.0%.
- **Additional Rate Reduction** - Beginning in tax year 2001, gains from property held longer than five years (from January 1, 2001) will be subject to a top rate of 18.0%. The corresponding rate for taxpayers in the 15.0% ordinary income bracket will be 8.0%.
- **Depreciated Assets** - For assets that were subject to depreciation, the top rate will be 25.0%.
- **Interaction with Alternative Minimum Tax (AMT)** - The changes in rates are also incorporated for the purpose of calculating the AMT.
- **Principal Residence Provision** - The sale of property used as a principal residence will be qualified for an exclusion of up to \$500,000 (\$250,000 for single filers). Principal residence requirements include owning and living in the property for at least two years during the five years prior to the sale.



- **Provisions Specific to Farm Operations**

- **Income Averaging** - Farmers may elect to compute 3-year income averaging. For example, if a taxpayer has taxable farm income of \$60,000 this year, \$20,000 would be added to the taxable income of the three prior years, and the resulting change in tax will be due. The provision is effective first in 1998 (returns filed in 1999). The provision is scheduled to expire on December 31, 2001.



- **AMT Treatment of Installment Sales** - For the purposes of calculating the AMT, farmers will only need to include the cash receipts portion of certain installment sales. The provision applies to dispositions made since tax year 1987. This has the effect of reducing the taxes paid by farmers subject to the AMT.

Other Provisions

The following provisions were also included in the federal Taxpayer Relief Act of 1997. Specific definitions, tax treatment, effective dates, and limitations are available from the Legislative Fiscal Bureau.

- Student Loan Interest Deduction.
- Penalty-free Withdrawals from Individual Retirement Accounts (IRAs) for Education Expenses.
- Education IRAs.
- Savings and Investment Incentives - including Traditional IRAs and Roth IRAs.
- Estate and Gift Tax changes - including Increased Unified Credit, Inflation Indexing, Family-owned Businesses, and Interest on Time Payments.
- Individual Income Tax changes - including Estimated Tax Provisions, Self-Employed Health Insurance Deduction, and Safe Harbor.
- Business Taxation changes - including exemptions for Small Corporations from AMT, repeal of Depreciation Adjustment for AMT, Business Credit Carryovers, Net Operating Loss Carryovers, Research Tax Credits, Work Opportunity Tax Credits, Welfare to Work Tax Credits, Extension of Federal Unemployment Surtax, Electronic Transfer of Tax Payments, Deductibility of Business Meals, and Constructive Sales.
- Excise Tax Provisions - Aviation Taxes, Prepaid Telephone Cards, and Cigarette Taxes.



Estimated Fiscal Impact of 1997 Federal Tax Changes
Assuming Full Coupling
(Dollars in Millions)

	<u>Effective Date</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Child Tax Credit	1/1/98	\$ 1.1	\$ 1.7	\$ 11.6
Education Provisions				
Hope Credit	1/1/98	0.9	0.8	4.1
Student Loan Interest Deduction	1/1/98	0.0	-0.2	-0.3
Penalty-free IRA withdrawals	1/1/98	-0.1	-0.5	-0.3
Education IRA	1/1/98	-0.1	-1.4	-1.6
Other	various	-0.1	-1.5	-0.8
Savings and Investment				
Raised IRA Income Limits	1/1/98	-0.6	-1.4	0.5
Capital Gains	various	40.1	24.6	15.6
Alternative Minimum Tax Provisions				
Small Corporation Exemption	1/1/98	-0.1	-0.2	-0.3
Conform AMT Depreciation	1/1/98	0.0	-0.5	-1.7
Farm Specific Provisions				
Farm Installment Sales	1/1/98	-0.5	-1.1	-0.7
Income Averaging	1/1/98	0.0	0.0	0.2
Other Significant Provisions				
\$1,000 de minimus Threshold	1/1/98	0.1	0.0	0.0
Health Insurance Deduction	various	0.0	0.0	0.0
Estate/Gift Tax Provisions	1/1/98	-0.9	-2.1	-3.3
Safe Harbor Provision	1/1/98	4.5	-1.3	-2.3
Net Effect with Conforming Legislation		<u>\$ 44.3</u>	<u>\$ 16.9</u>	<u>\$ 20.7</u>

PROPERTY TAX ISSUES

Property Tax Relief



Major property tax relief programs have been created since FY 1996. **Figure 1** summarizes the property tax relief expenditures and projects the cost of each program through FY 2002. Full funding of the Homestead, elderly, and military property tax credits is not included because the amount of funding for property tax relief can not be determined. A discussion of the credits follows this section. Below is a description of each program.

Figure 1
Projected State Funded Property Tax Relief
(Dollars in Millions)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Machinery and Equipment	\$ 0.0	\$ 6.9	\$ 11.3	\$ 16.8	\$ 24.0	\$ 45.2	\$ 27.4
Property Tax Relief Fund	54.4	71.4	88.4	88.4	88.4	88.4	88.4
School Foundation Level	0.0	84.8	88.0	92.4	95.4	98.6	101.3
Total	<u>\$ 54.4</u>	<u>\$ 163.1</u>	<u>\$ 187.7</u>	<u>\$ 197.6</u>	<u>\$ 207.8</u>	<u>\$ 232.2</u>	<u>\$ 217.1</u>

Machinery and Equipment (M&E)

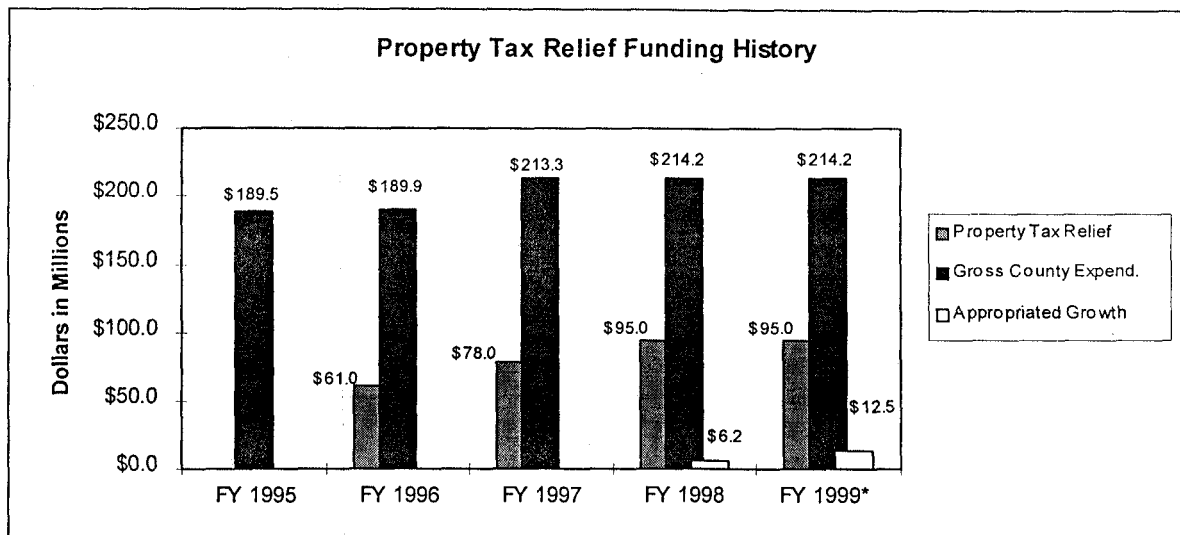
- The property tax on new M&E was repealed during the 1995 Legislative Session (SF 69), retroactive to all M&E purchases made since January 1, 1994.
- The taxable value of M&E purchased prior to January 1, 1994, is being phased out over a four-year period beginning in FY 2001, such that the taxable value on all M&E will be zero beginning in FY 2004.
- Local governments receive reimbursement for the difference between the base year (FY 1996) M&E valuation and actual valuation for each year through FY 2001. For FY 2002 through FY 2006, the State reimbursement will be reduced to the extent that commercial and industrial valuation have grown since FY 1996. There will be no State reimbursement in FY 2007 and subsequent fiscal years. Reimbursements will be paid from a standing unlimited appropriation to the M&E Property Tax Replacement Fund.

❖ The Governor recommends an additional \$5.5 million for FY 1999 to reimburse local government for the loss of M&E valuation, bringing the total reimbursement to \$16.8 million. This is current standing unlimited appropriation.

Property Tax Relief Fund (Mental Health)

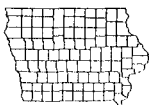
- The Property Tax Relief Fund was created by SF 69 (Property and Income Tax Reduction Act) during the 1995 Legislative Session.
- A standing limited appropriation was established, including a three-year phased-in approach to complete the State share. The following chart details annual appropriations from FY 1996 through completion of the State share in FY 1998. The State share includes \$6.6 million annually for services for mentally retarded children which is transferred from the Property Tax Relief Fund to the Department of Human Services.

Figure 2



*Note: FY 1999 Appropriations for Property Tax Relief and the County Base are assumed at the FY 1998 rate. HF 255 (Mental Health Allowed Growth Act, 1997) appropriated \$12.5 million for FY 1999 growth. Growth for FY 2000 is scheduled to be appropriated during the 1998 Legislative Session.

- Mental Health funding in each county is limited to a base year amount. The FY 1998 and subsequent fiscal years' appropriations of \$95.0 million are 50.0% of the FY 1996 County Base of \$189.9 million.
- In FY 1997, counties were allowed to choose a base year from among the fiscal years 1994 through 1996. The base adjustment added \$23.4 million to gross county spending for Mental Health/Mental Retardation/Developmental Disabilities (MH/MR/DD) services within county MH/MR/DD Services Funds compared to the \$189.9 million base.

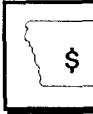


- In FY 1998, counties were allowed to make corrections to base year expenditures for items previously funded with county general funds and not included in MH/MR/DD Services Funds. Total adjustments of \$1.1 million were made by three counties.
- The first \$6.6 million of Property Tax Relief is transferred to the Department of Human Services for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) costs for children. An additional \$3.8 million was appropriated to the DHS for ICF/MR costs for children with mental retardation in FY 1998.
- Property Tax Relief and appropriated growth are distributed to counties based on the following formulas:

Figure 3
Distribution Formulas

<u>Property Tax Relief</u>	<u>Allowed Growth</u>
1/3 on county share of State population.	1/2 on county share of State population.
1/3 on county's share of all counties' base year expenditures.	1/2 on county's share of all counties' base year expenditures.
1/3 on county share of State's total taxable property valuation.	

The General Assembly may wish to consider the following policy questions during the 1998 Legislative Session:

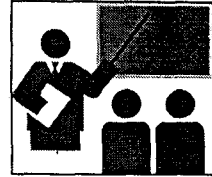
- Should the State share of mental health funding remain at 50.0% of the original county base, or should the General Assembly appropriate the additional \$12.2 million to achieve 50.0% of the current \$214.2 million expenditures? 
- If appropriated, should the \$12.2 million required to achieve 50.0% have a mandated corresponding reduction in property tax or should counties be allowed to apply the additional funds to increased services?
- What is the best formula for determining growth in the system? Should the State maintain the responsibility for appropriating all or a portion of the growth? If a formula prioritizes equity, such as per capita expenditures, how will efficiency be encouraged?
- Are like services required across the State prior to application of an equity system? Currently, local discretion in determining services offered within 99 individual county management plans has resulted in different services available in different counties.



- Should the State consider assuming financial responsibility for any additional services, (similar to the ICF/MR for children funding mechanism), for example, the costs of Medicaid eligible adults aged 21-64 served within a State Mental Health Institution?

School Foundation Level

- In the 1996 Legislative Session, the regular program foundation level was raised from 83.0% to 87.5%. Raising the foundation level, increased state aid and reduced property taxes for local school districts by \$84.8 million in FY 1997. In general, school districts with the lowest taxable valuation received the biggest tax rate decrease.



- The foundation level can be raised for future property tax decreases. Increasing the regular program foundation level by 1.0% would increase state aid and reduce property taxes by \$21.0 million. Increasing the special education foundation level by 1.0% would increase state aid and reduce property taxes by \$3.5 million. If the special education foundation was raised to the regular program foundation level of 87.5%, state aid would increase and property taxes would decrease by \$29.4 million. The foundation level for the regular program and special education could be equalized at approximately 86.3% without changing state aid or property taxes.

Property Tax Credits



The major property tax credits include the Homestead Tax Credit, Agricultural Land Tax Credit, Family Farm Tax Credit, Military Service Tax Exemption, and various low-income elderly credits. **Figure 4** shows the amounts claimed by taxpayers and the amounts paid by the State, based on FY 1997 payments. For the Homestead, Military, and elderly credits, local governments pay the difference between the amount claimed and the State payment. For the agricultural credits, taxpayers receive pro-rated shares of the State payment.

Figure 4

Local Government Claims and Payments
(Dollars in Millions)

<u>FY 1997</u>	<u>Amount Claimed</u>	<u>Amount Paid by State</u>	<u>Additional Cost of Full State Funding</u>
Homestead Credits	\$ 111.93	\$ 93.57	\$ 18.36
Ag. Land Credits	108.40	29.09	79.31
Family Farm Credits	43.75	10.00	33.75
Military Service Tax Exemption	2.78	2.78	0.00
Elderly Credits			
Rent	5.78	5.78	0.00
Property tax	4.22	4.22	0.00
Mobile homes	0.09	0.09	0.00
Special Assessments	0.02	0.02	0.00
Elderly Credit Total	10.11	10.11	0.00
Total	\$ 276.97	\$ 145.55	\$ 131.42

Homestead, Elderly, and Military Service Property Tax Credits

In the 1997 Session, the Legislature passed HF 726 which requires new property tax credits or exemptions to be fully funded by the State. If the new credit or exemption is not fully funded by the State, the credit or exemptions will be prorated to the taxpayer. These requirements also apply to the Homestead; Elderly and Disabled; and Military Service Property Tax Credits. The bill also removed the appropriation freeze on the Homestead; Elderly and Disabled; and Military Service Property Tax Credits. Removing the appropriation freeze reinstated standing unlimited appropriations for these credits.

Removing the appropriation freeze is estimated to increase General Fund appropriations by \$21.9 million for FY 1998. The credits are estimated to increase another \$1.9 million in FY 1999.

In FY 1998 through FY 2002, cities, counties, and school districts must use excess State reimbursement as follows:

- Cities must use at least 50.0% for property tax relief with the remaining amount for infrastructure.
- Counties must use at least 50.0% for property tax relief with the remaining amount used for infrastructure or for paying the expenses incurred in providing tax statements.
- School districts must use 100.0% for property tax relief through the reduction in the additional levy.

Property Tax Equalization

Equalization under Section 441.47, Code of Iowa, is a process used to maintain equity for property assessments between counties. The Department of Revenue and Finance collects sales data, and based on that data makes a determination for equalization of specific classes of property in each county. The Department determines by county if residential and commercial property is generally assessed too high, too low, or within an appropriate range based on county sales data.



This process is utilized for equalization of commercial and residential classes of property in each county every two years. Equalization is also done for the class of agricultural property, but agricultural property is assessed on a productivity basis, rather than market value so another equalization method is used.

Equalization orders are given to the assessor. Although the assessor has some discretion in allocating increases and decreases within the classification of property, in most cases, the assessor will apply the percentage increase or decrease across the board.

Figure 5 displays the statewide changes in 1997 property tax valuations due to assessor revaluation, equalization order, and the net impact on valuations by class of property. The January 1, 1997, valuations are used to generate property tax revenues in FY 1999. Residential includes urban and rural residential and agricultural dwellings.

Figure 5

1997 Assessor Revaluation Actions and Equalization Orders

	<u>Assessor Revaluation</u>	<u>Equalization</u>	<u>Net Impact</u>
Agricultural	+2.5%	+5.6%	+8.1%
Residential	+6.4%	+4.6%	+11.0%
Commercial	+2.1%	+4.6%	+67.0%

Assessed Valuation Limitation (Rollback)

Assessment limitations provide for the reduction of property tax valuations to cushion the impact of inflation. The assessment limitations are applied according to a class of property as follows:

- For agricultural, residential, commercial, and industrial classes of real estate, the taxable valuation for each class is limited to four percent annual statewide

growth from revaluation. In addition, the percent of growth from revaluation is to be the same for agricultural and residential property.

- The taxable valuation for utility property is limited to eight percent annual statewide growth from revaluation.
- The assessed valuation for railroad property is adjusted by the lowest of the assessment limitation percentages for commercial, industrial, and utility property to determine the taxable valuation.

An assessment limitation percentage is applied uniformly to each and every assessed value in the State for a class of property. Even though the State's total taxable value will increase by only the allowed percent of growth, the taxable values for individual properties will change by different percents. **Figure 6** has historical rollback adjustments due to the assessment limitation.

Figure 6

Percent of Property Valuation after Rollback Adjustment

	<u>Agricultural</u>	<u>Residential</u>	<u>Commerical</u>	<u>Industrial</u>	<u>Utilities</u>	<u>Railroads</u>
1992	100.0000%	72.6985%	100.0000%	100.0000%	100.0000%	100.0000%
1993	100.0000%	68.0404%	100.0000%	100.0000%	100.0000%	100.0000%
1994	100.0000%	67.5074%	100.0000%	100.0000%	97.2090%	97.2090%
1995	100.0000%	59.3180%	97.2824%	100.0000%	100.0000%	97.2824%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.9090%	97.3606%	100.0000%	100.0000%	97.3606%

Tax Increment Financing (TIF)



A Tax Increment Finance (TIF) area is established when a city or county adopts a resolution establishing an urban renewal project or a community college adopts a jobs training project. The taxable value of the TIF area in the year prior to the establishment of the TIF becomes the base value. The property tax revenue from the base value is distributed to all taxing entities. Any growth above the base is called the incremental value. The property tax revenue on the incremental value goes to the TIF project.

In FY 1997, there were 1,453 TIF areas statewide with 896 having valuation in the increment. The total incremental value was \$2.4 billion of net taxable valuation. This generated approximately \$71.2 million for TIF projects. This is an increase of \$41.1 million (136.5%) since FY 1992. The incremental value also generated an additional \$8.1 million for bonded indebtedness levies.

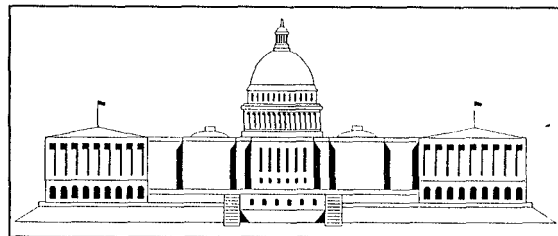
The impact of TIF areas' incremental value being excluded caused the State to increase General Fund appropriations for School Aid by \$12.8 million in FY 1997, for revenue not generated by the uniform levy rate.

An *Issue Review*, "Tax Increment Financing (TIF)," issued July 31, 1997, provides additional details on TIFs and the impact on the State, local governments, and taxpayers. Copies are available from the Legislative Fiscal Bureau (515) 281-5279.

FEDERAL FUNDING ISSUES

Since 1990, the federal budget process has focused upon avoiding increases in the annual deficit by imposing targets for various types of discretionary spending and limiting statutory changes that would increase entitlement spending. While the 104th Congress and the President agreed upon the need to eliminate the annual deficit, they were unable to find common ground on priorities for spending and taxes. While unable to pass a balanced budget amendment, the 105th Congress did reach some agreement with the administration on tax reform and efforts to balance the budget.

Current estimates are that in State FY 1998, the State of Iowa will receive approximately \$2.483 billion in federal funding. This is an increase of \$418.7 million (18.3%) compared to actual FY 1997 receipts. Over \$1.238 billion of this amount (50.1%) will be received by the Department of Human Services, primarily for the Medical Assistance, Food Stamps, Employment Training, and Family Investment Programs. Other departments receiving large amounts of federal funds include:



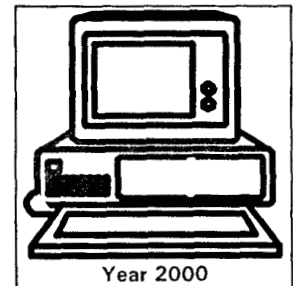
- \$217.5 million for the Department of Transportation
- \$235.3 million for the Department of Education
- \$246.1 million for the Department of Workforce Development
- \$253.2 million for the Board of Regents Institutions

For State FY 1999, the State of Iowa anticipates receiving \$2.512 billion in federal funding. This would be an increase of \$28.9 million (1.2%) compared to estimated State FY 1998. Over \$1.301 billion (51.0%) of this amount will be received by the Department of Human Services. Other departments receiving large amounts of federal funds include:

- \$214.1 million for the Department of Transportation
- \$251.6 million for the Department of Education
- \$251.7 million for the Department of Workforce Development
- \$233.0 million for the Board of Regents institutions

The estimated State FY 1998 and FY 1999 figures for federal funds are likely to be revised for a number of reasons including:

- The temporary extension of the federal Intermodal Surface Transportation Efficiency Act (ISTEA). Congress extended the FFY 1997 funding level for six months of FFY 1998 and plans to reauthorize the Act during the Spring of 1998. This is likely to result in changes to distribution formulas for highway funds and may impact the amount of funds Iowa and other states receive.
- Some departments historically underestimate the amount of federal funds they are likely to receive to insure a conservative approach to planning expenditures.
- A number of adjustments are made each time the books are closed on a federal fiscal year. This could result in reversion of unexpended federal funds and the carry-forward, where federal law allows, of federal funds into the next fiscal year.
- Several agencies, including the Departments of Human Services, Transportation, and Workforce Development, have requested federal funding to pay for a portion of the costs of the year 2000 computer problem. Whether the federal government will agree to pay all, some, or none of the requested amounts has not yet been determined.
- Rule changes in many federal programs take time to be finalized and published, and those changes could impact the amount of funds that states will receive and the methods by which the available funds will be distributed.



In the second term of the 105th Congress, the President and Congress will undoubtedly continue to identify ways to reduce the national debt or minimize growth in spending. However, some of the urgency appears to have dissipated due to increasing levels of revenues and the spending reductions the 104th and 105th Congresses and the President agreed to enact. According to articles in the **Congressional Quarterly Weekly Report**, the new Congress is likely to continue to take a moderate approach to change. It is likely that:

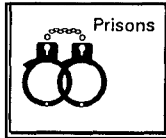
- Some effort will be made to reduce taxes. Although the President had been considering recommending certain reductions, his office has now announced it will focus instead on maintaining efforts to eliminate the deficit.
- Some variation from the existing funding formulas for federal highway funds will be included when the ISTEA is re-authorized.
- Telecommunications and technology issues, including the need for federal standards for electronic commerce and taxation of Internet-based sales, will be investigated.

- Competition and deregulation in the production and sale of electric power, as well as options to end local monopolies and stop states from setting the price of electricity, will be investigated during 1998.
- Efforts to modify juvenile justice programming will include the handling of juveniles as adults when being tried for violent criminal offenses. Congress is also considering a block grant approach to juvenile justice funding with new reporting requirements. Proposed changes in the current House bill would potentially impact the Departments of Human Services, Public Safety, and Corrections, the Governor's Alliance on Substance Abuse, and the Criminal and Juvenile Justice Planning Division, within the Department of Human Rights.
- Regulations for implementation of federal Welfare were only recently completed and made available (November 1997). As states begin to understand and conform to the new regulations, further fine tuning may be required. Additionally, the ability to reallocate federal Temporary Assistance for Needy Families (TANF) block grant funds to various appropriations within the DHS may warrant a review.
- The passage of Title XXI of the Social Security Act creates the State Children's Health Insurance Program (SCHIP). Congress authorized \$23.900 billion in new federal spending to be allocated in Federal Fiscal Years (FFY) 1998-2002. Iowa's allocation is \$32.5 million annually, requiring a State match of \$11.0 million. The SCHIP is designed to provide health insurance coverage to children in low-income families ineligible for Medical Assistance coverage and below 200.0% of the federal poverty level.
- The President's use of newly granted veto authority and efforts to override veto decisions have been new elements for Congress, and will likely continue to be criticized and challenged when used inappropriately from a legislative perspective.

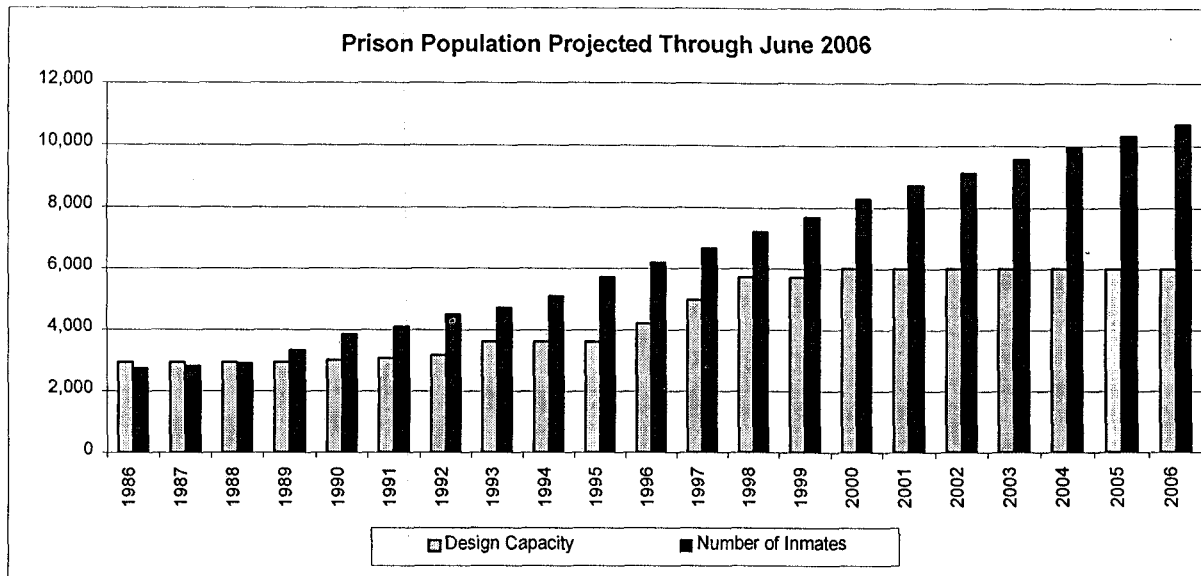


PRISONS AND GROWTH IN THE PRISON POPULATION

Iowa's prison system will have nine major prison facilities with a total of 5,701 beds by the end of FY 1998. The Iowa State Penitentiary at Ft. Madison, the oldest Iowa prison, was constructed in 1839 and serves as the primary maximum security facility. The Anamosa and Mt. Pleasant facilities were constructed before 1900. The prison at Clarinda is the first of three 750-bed medium security prisons to be built in this decade. It opened in April 1996. The second prison, which is located at Newton, opened in July 1997. A third prison is under construction at Ft. Dodge and is scheduled to open in the spring of 1998. In addition to the new prisons, the Department of Corrections has legislative approval to renovate and reopen a 200-bed maximum security cellhouse at Ft. Madison pending a favorable court appeal.



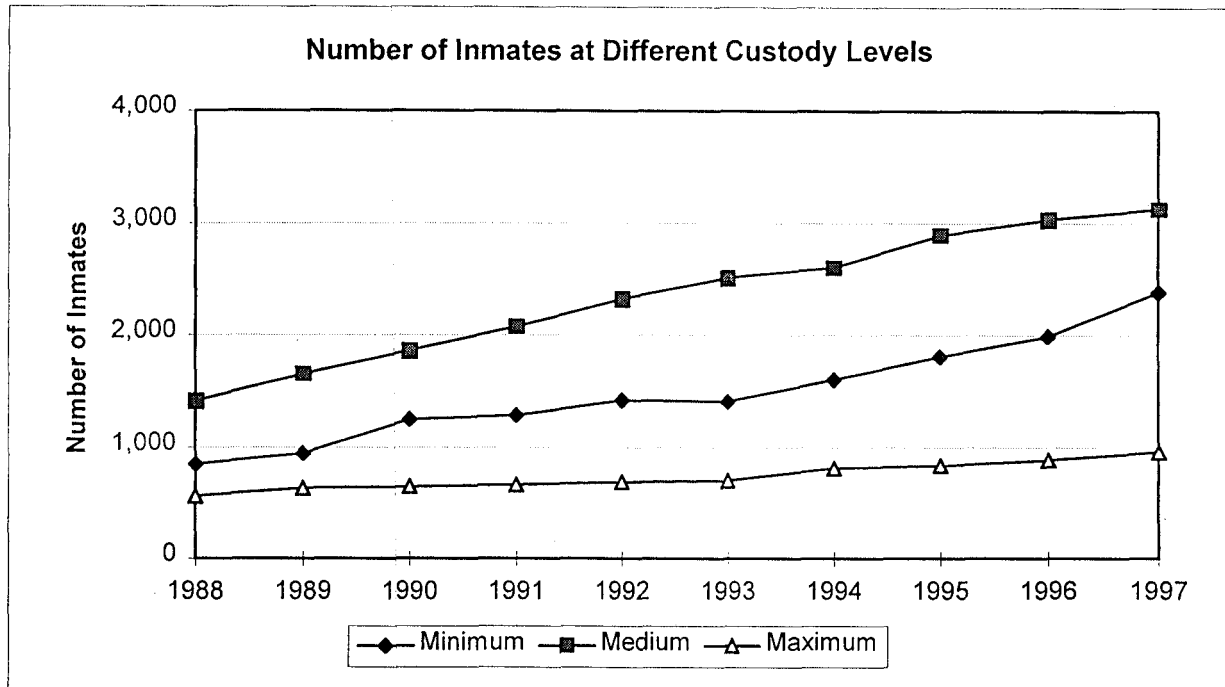
On November 14, 1997, there were 6,911 inmates in Iowa's prison system. Since July 1, 1987, the inmate population has increased by 147.8%. During the 1997 Legislative Session, the General Assembly passed and the Governor signed 16 bills that affect the prison population. These legislative changes are projected to add 90 inmates to the prison system in FY 1999. By FY 2002, it is estimated that these changes will add 318 inmates. The following graph shows the actual and projected growth in the inmate population from June 1986 to June 2006, assuming no additional legislative changes.



At the beginning of FY 1998, the prison system had 6,640 inmates being held in a system with a design capacity of 4,951. The system was operating at 134.1% of design capacity. The addition of the 750-bed Ft. Dodge prison will reduce overcrowding to 126.8% of design capacity at the end of FY 1998 with 7,229

inmates occupying a system with a design capacity of 5,701. Reopening Cellhouse 17 or an equivalent facility would add 200 beds at Ft. Madison, and the Department is proposing 100 beds at Oakdale to be built primarily with federal funding. With these additions, the inmate population is projected to surpass the previous highest level of overcrowding during the summer of 2003. By FY 2006, without adding any more prisons beds, the system is projected to be operating at over 175.0% of design capacity with approximately 10,600 inmates living in a system with a design capacity of 6,001.

The following chart shows the increase in inmates by security level between 1988 and 1997.



Note: The above numbers of inmates do not sum to the total number of inmates in the prison system due to inmates who are not classified (e.g., newly received inmates).


The number of inmates scoring at the maximum security level has increased from 558 to 955 over the ten-year period. This is a 71.2% increase. At the same time, the number of minimum security level inmates has increased from 845 to 2,380 (181.7%), and the number of medium security level inmates has increased from 1,415 to 3,117 (120.3%).

At the end of this ten-year period, the Iowa prison system was supervising 955 maximum security level inmates in a system with 580 maximum security beds. The effect has been to push maximum security level inmates into medium security beds. The ripple effect of the overcrowding is to push inmates into less secure housing than otherwise would be utilized.



In summary, the minimum security level inmates represent the most rapidly growing segment of the inmate population, but the overcrowding has led to many inmates being housed in lower security level facilities than their custody scores would indicate.

Issues and Considerations

- The prison system is projected to increase by an average of more than 450 inmates per year over the next ten years. To keep pace with this growth, another prison similar in size to the Ft. Dodge facility will need to be built every two years.
- 
- The Governor is recommending:
 - ❖ Converting 100 mental health institution beds at Mt. Pleasant to prison beds for women inmates with special needs. Funding will come from the Rebuild Iowa Infrastructure Fund (RIIF - \$300,000) and \$800,000 available because of the delay in renovating and opening Cellhouse 17 at Ft. Madison.
 - ❖ A 200-bed maximum security facility at Ft. Madison to address special needs inmates. The funding would be from the federal Violent Offender Incarceration/Truth in Sentencing (VOI/TIS) Grant (\$3.5 million) and a \$6.5 million Prison Infrastructure Revenue Bond. Consideration is being given to building this facility in lieu of renovating Cellhouse 17.
 - ❖ Funding the State match to build a 200-bed facility for women at Mitchellville authorized by the Legislature in 1997 with \$600,000 from the Prison Infrastructure Fund. The VOI/TIS Grant is budgeted to provide \$5.4 million for the construction. An additional \$1.5 million is being recommended from the RIIF Fund to renovate the power plant and upgrade the water capacity.
 - As overcrowding increases, the probability of successful lawsuits by inmates also increases. The Department has reported steps taken to alleviate conditions at the Anamosa facility that could have resulted in a lawsuit. Women at Mitchellville have filed suit based on overcrowded conditions. The last major lawsuit won by inmates resulted in capping the Ft. Madison maximum security prison at 550 inmates. The consequences of the Department of Corrections losing a lawsuit could be costly, as the prison system would have to be adapted to meet requirements of the settlement.
 - Prison operating costs far exceed construction costs over the life of a facility. For example, the new prison facility at Ft. Dodge is designed for more efficient staff utilization than Iowa's older prisons. The prison cost approximately

\$33.4 million to build with \$25.0 million in debt service, and will cost approximately \$15.5 million annually to operate. The decision to build a prison is a commitment to fund costs greatly surpassing the construction costs.

- Prison construction and operating costs are strongly affected by security level. The national average projected cost per prison bed currently under construction is \$81,000 for a maximum security bed, \$50,000 for a medium security bed, and \$31,000 for a minimum security bed. Operating costs also increase as the security level increases. Continued addition of medium-security facilities would not be the most cost effective approach, given that there are approximately 2,400 inmates scoring at the minimum security level in a system with 675 minimum security beds.

IOWA COMMUNICATIONS NETWORK AND DEPARTMENT OF INFORMATION TECHNOLOGY SERVICES

IOWA COMMUNICATIONS NETWORK

The Iowa Communications Network (ICN) was created by the 1989 General Assembly as a fiber optic "highway" capable of carrying all forms of communications traffic including voice, distance education, telemedicine, government information and services, and computer network data. Fiber optic technology converts voice, video, and data signals into digital light impulses which are transmitted over hair-thin glass fibers.

The installation of the ICN began in 1991 as a three-part project:

- Part I consists of 20 connection sites. These include 15 regional centers located at each of the community colleges throughout the State, the three Regents universities, Iowa Public Television, and the State Capitol complex.
- Part II consists of 84 connection sites. These include separate fiber optic lines from the respective regional center to each of the remaining counties. These sites are typically known as the County Points of Presence.
- Part III, as proposed, specified the connection of at least 474 additional sites (mostly K-12 schools and libraries) in Fiscal Years 1996 to 1999 with approximate costs as follows:
 - During FY 1996 and FY 1997, 341 additional classrooms were added at a cost of \$39.3 million. The addition brought the total to 445 classroom sites.
 - In FY 1998, a minimum of 110 sites will be connected at a cost of \$22.6 million.
 - In FY 1999, all remaining authorized sites will be connected for \$18.9 million.

The staff of the ICN now expect more than 800 classrooms to be connected to the system at the 578 authorized sites. It had not been anticipated that numerous sites would want to connect more than a single classroom. This has caused the ICN staff to propose changing to Asynchronous Transfer Mode and MPEG2 technology to reduce the bandwidth necessary to transport a video signal and accommodate the greater number of classrooms.)

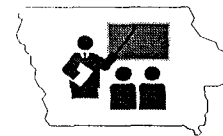
Parts I and II of the ICN were completed at a cost of \$114.5 million which was funded by Certificates of Participation. Parts I and II are typically referred to as the "backbone" of the Network, and the connections are owned by the State. Part III connections will be constructed by private vendors and most will be leased by the State, except for approximately 21 sites that will be owned by the State as the result of a National Guard ICN project. The majority of the Part III sites will be K-12 schools. Seven libraries will be connected as part of a pilot project in Fiscal Years 1996 through 1998, but remaining library connections (approximately 80) will be postponed to FY 1999. Additional libraries, not part of the original 474 approved Part III sites, have asked to be allowed connection to the ICN, and some K-12 schools have asked to not be connected.



As of December 5, 1997, 524 full motion, interactive video classroom sites had been connected to the ICN. This included:

Iowa Communications Network

	<u>Sites</u>
Area Education Agencies	16
Community Colleges	84
K-12 School Districts	264
Other Education	2
Libraries	8
Medical Facilities	8
Private Colleges	13
Regents Institutions	23
National Guard	57
State Agencies	38
Federal	9
Miscellaneous	2
Classrooms Total	<u>524</u>



Authorized users of the network currently include the Iowa National Guard, Iowa Public Television, libraries, State government agencies, community colleges, Regents institutions, private colleges and universities, all local school districts, area education agencies, hospitals and physician clinics, federal agencies, Iowa judicial and corrections systems, and the United States Postal Service.

The ICN is governed by the Iowa Telecommunications and Technology Commission. The Commission has five voting members and the State Auditor serves as an ex-officio nonvoting member.

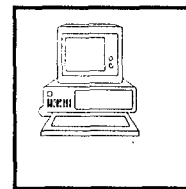
During the 1997 Interim, the Commission has been developing Administrative Rules relating to the definition of authorized user and remote access to the Internet by authorized users from unauthorized sites. An example of this is a faculty member of a Board of Regents Institution dialing into the University computer system from home, and then accessing the Internet via the University system. Private sector Internet Service Providers (ISPs) and private sector companies in the

telecommunications industry in Iowa have testified in public hearings that this, and other services provided by the ICN, result in a reduction of demand for their services to the extent that it may jeopardize the viability of some of these businesses. The Administrative Rules Review Committee, at its November meeting, deferred action on the Commission's proposed rules and referred the matter to the General Assembly for review during the 1998 Legislative Session.

DEPARTMENT OF INFORMATION TECHNOLOGY SERVICES

During the 1997 Legislative Session, the General Assembly reviewed but did not adopt the Governor's Recommendation to create a new department to consolidate all of the State's information technology services. Currently, the Information Technology Services Entity is operating through a series of 28E agreements under Executive Order 61.

❖ The Governor is again recommending the formation of a Department of Information Technology Services. Additionally, the Governor is recommending the creation of a Technology Initiatives Account to pay the costs of technology initiatives across State government. The Account would be funded by moneys that would otherwise revert to the General Fund at the end of FY 1998. As many of the technology projects have multi-year cost projections, the Governor is indicating that reversions could also be captured for FY 1999.



See the summary of the Oversight and Communications Appropriations Subcommittee for a listing of proposed technology initiatives and the Governor's proposed priorities.

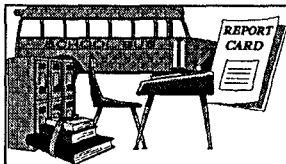
EDUCATION STANDING APPROPRIATIONS

Iowa School Foundation Formula

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from state sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year, which was previously established by the formula.

In the 1995 Legislative Session, the determination of allowable growth was changed again. The Legislature will set allowable growth two years in advance within 30 days of the submission of the Governor's budget. The 1996 Legislature set allowable growth for FY 1998 and FY 1999 at 3.5%. Under current law, the General Assembly will have to set allowable growth in the 1998 Legislative Session for FY 2000.

The School Foundation Formula is based upon basic enrollment, a school district's regular program cost per pupil, state aid determined by a foundation level, and an amount generated by the uniform property tax levy. Other funding sources available to school districts on an optional basis in the general education fund area include talented and gifted programs, drop-out prevention programs, School Budget Review Committee authorizations, and the instructional support levy. Other optional funding sources available to districts in the general education fund area include the cash reserve levy, management levy, and enrichment levy.



Local school districts have a number of optional funding sources available to them for non-general education fund activities. The levies are used for building construction, building maintenance, equipment purchases, and certain operational expenditures. These include: debt service levy, schoolhouse property tax levy, physical plant and equipment levy, and the educational and recreation levy.

FY 1999 School Foundation Formula

Under current law, state aid is estimated to increase by \$65.5 million (4.2%) for FY 1999 compared to estimated FY 1998 (See Table 1). Property taxes are estimated to increase by \$33.6 million (4.0%) for FY 1999 compared to estimated FY 1998. The total controlled budget is estimated to increase \$99.1 million (4.1%) for FY 1999 compared to estimated FY 1998.



Table 1
FY 1999 State Aid Estimate
(Dollars in Millions)

FY 1998 State Aid		\$ 1,558.2
Allowable Growth (3.5%)	69.5	
Enrollment Change	-1.2	
Special Education Increase (Assumed)	14.1	
Supplemental Weighting Increase	1.6	
Taxable Valuation Increase (Assumed)	-14.8	
Reorganization Incentives Decrease	-1.5	
Property Tax Adjustment Aid	-0.6	
M&E Valuation Reduction (Assumed)	-0.8	
Miscellaneous	-0.8	
Total FY 1999 Changes		<u>65.5</u>
Estimated FY 1999 State Aid		<u><u>\$ 1,623.7</u></u>

The FY 1999 enrollment decreased 323 (0.1%) students compared to FY 1998. The enrollment for FY 1999 is taken on the third Friday of September, which was September 19, 1997. The decrease is the first decline since 1989, which was the first year enrollments increased after 19 years of decline. Special Education weightings are assumed to increase by 7.7%. Supplemental weightings for sharing increased by 9.9% and supplemental weightings for Limited English Proficiency increased by 13.2%. Taxable valuations are assumed to increase by 3.25%. Reorganization incentives continue to lapse, and the majority of the incentives are gone for FY 1999.

Special statutory provisions guarantee that a district's regular program cost will be at least as much as in the prior year (100% budget guarantee). This places the full amount of the budget guarantee on property taxes. Under current law, the regular program budget guarantee expires after FY 1999. In FY 1999, 62 districts are on the guarantee at a cost of \$3.1 million.

❖ The Governor is recommending no change in the School Aid Formula for FY 1999. The Governor is estimating an increase of \$62.9 million in state aid for FY 1999. The LFB estimate above is different than the Governor's estimate because of the special education assumption.

FY 2000 School Foundation Formula

Under current law, the General Assembly will set allowable growth for FY 2000 during the 1998 Legislative Session. The Legislative Fiscal Bureau is assuming special education will increase by 7.7% in FY 1999, and the Governor assumes an increase of 6.3%.

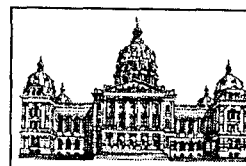


Table 2 displays the estimated increases for FY 2000 compared to FY 1999 at various growth rates as estimated by the Legislative Fiscal Bureau (LFB). Contact the LFB for further explanation of the assumptions and any additional detail.

Table 2
Estimated FY 2000 Changes Compared to FY 1999
at Various Allowable Growth Rates
(Dollars in Millions)

Allowable Growth	Change in State Aid	Percent Change	Change in Property Tax	Percentage Change	Change in Total budget	Percent Change
0.0%	\$ -1.4	-0.1%	\$ 15.7	1.8%	\$ 14.3	0.6%
0.5%	9.4	0.6%	17.1	2.0%	26.5	1.1%
1.0%	19.7	1.2%	19.0	2.2%	38.7	1.6%
1.5%	30.5	1.9%	20.4	2.4%	50.9	2.0%
2.0%	40.1	2.5%	22.9	2.6%	63.0	2.5%
2.5%	50.9	3.1%	24.3	2.8%	75.2	3.0%
3.0%	61.2	3.8%	26.2	3.0%	87.4	3.5%
3.5%	71.4	4.4%	28.2	3.3%	99.6	4.0%
4.0%	82.2	5.1%	30.2	3.5%	112.4	4.5%
4.5%	93.0	5.7%	31.6	3.6%	124.6	5.0%
5.0%	103.3	6.4%	33.5	3.9%	136.8	5.5%
5.5%	113.5	7.0%	35.5	4.1%	149.0	6.0%
6.0%	123.8	7.6%	37.4	4.3%	161.2	6.5%

Assumptions:

	FY 1998	FY 1999
1 Estimated State Aid:	\$ 1,558,212,421	\$ 1,623,698,009
2 Estimated Property Taxes:	\$ 833,116,777	\$ 866,700,575
3 Estimated Total Budget:	\$ 2,391,329,198	\$ 2,490,398,584

4 The estimates are based on 377 school districts.

Actually, due to the reorganizations and dissolution effective July 1, 1998, there will be 375 school districts.

5 Special Education is assumed to increase by 7.7%.

6 Property tax valuation are assumed to increase by 3.25% for FY 1999 and 3.0% for FY 2000.

7 Enrollments are assumed to remain at the FY 1999 level.

❖ The Governor is recommending an allowable growth rate of 3.0% for FY 2000. The LFB estimates this will increase state aid by \$61.2 million in FY 2000.

Educational Excellence

❖ The Governor is recommending to increase teachers' minimum salary from \$18,000 to \$23,000. The estimated cost is \$2.5 million in FY 1999. The Governor recommends an increase of \$2.0 million in the Educational Excellence appropriation and the remaining amount of \$500,000 from excess Phase I and Phase II funds. This excess was targeted for several education programs in FY 1998. Under the Governor's recommendation, this excess would not be available for these various education programs in FY 1999.

❖ The Governor also recommends that the minimum teacher salary increase to \$25,000 for new teachers who have completed a year-long induction program and \$27,000 for teachers who have completed an intern program. The Governor anticipates that the first new teachers to complete the induction programs will be in FY 2000 and the first teachers to complete an intern program will be in FY 2002.

All-Day Kindergarten

❖ The Governor is recommending that the School Aid Formula be modified when it is rewritten to encourage districts to provide all-day, every-day kindergarten. The Governor states that Iowa school districts already receive funding for all-day, every-day kindergarten so the formula should be rewritten so districts providing half-day kindergarten receive only 0.5 per pupil cost while districts that provide all-day kindergarten will receive full per pupil cost.

Although school districts do count half-day kindergarten pupils as 1.0 pupil, the cost per pupil does not reflect the cost of all-day kindergarten.

Accountability for Student Achievement

❖ The Governor is recommending the following measures to strengthen accountability, in exchange for enhanced flexibility:



- Development of strong local standards.
- Requirement that each school report students' progress in the three R's and other basic skills.
- Comparison of effectiveness of local strategies to the best practices in education.

Local Infrastructure

The Governor is recommending the following on school infrastructure projects:

- ❖ Allow school districts to initiate and share in a local option tax on a 50/50 basis with cities and counties. When a local option sales tax is already in place, school districts would share in 25.0% of the proceeds.
- ❖ Provide a State income tax exemption for general obligation bonds issued by local school districts for infrastructure purposes.

Task Force on the School Finance Formula

❖ The Governor is recommending the establishment of a task force to respond to the issues raised by the Commission on Educational Excellence for the 21st Century and to address the sunset of the current formula on July 1, 2001. The Governor recommends a \$25,000 FY 1998 supplemental appropriation to enable the task force to complete its work by the 1999 Legislative Session.

COMMISSION ON EDUCATIONAL EXCELLENCE FOR THE 21ST CENTURY

In February 1997, the Governor appointed a 14-member Commission on Educational Excellence for the 21st Century. The Commission was charged with encouraging a statewide perspective on Iowa's investment in education, assessing the degree to which Iowa's youth are positioned for success, and making recommendations for improvements in the education system. The Commission was asked to focus on the following areas:

- high expectations for students.
- the quality of instructional programs.
- student achievement.
- parental and community involvement.

A supplemental appropriation of \$250,000 was made to the Department of Education for support of the Commission in SF 542 (FY 1997 Supplemental Appropriations Act). The Commission expended the total supplemental appropriation by contracting with the Pappas Consulting Group, which is headquartered in Greenwich, Connecticut.

The Commission held several meetings at various locations, including Ames, Sioux City, Cedar Rapids, Waterloo, and Des Moines. During the evening at three of the meetings, the public was invited to provide input and comments. One of the three public input sessions was held over the Iowa Communications Network (ICN).

The Commission held a press conference on September 17 at the Grimes Building in Des Moines to release the final report. The text of the final report can be downloaded from the Department of Education's website at <http://www.state.ia.us/educate/depteduc/pomerantz.html>



In October 1997, the Department of Education released proposed details of the \$105.0 million projected annual cost to implement the recommendations made by the Commission. The Department stated that this implementation schedule represents one option for funding for purposes of illustration and may or may not be the final implementation strategy. The information relates to State General Fund costs only, not total cost to implement all recommendations. For example, the cost to implement all-day, everyday kindergarten is not included because it is assumed to be a local school district cost. Most school districts that do not currently provide all-day, everyday kindergarten indicate the reason for not providing the service is insufficient school building space, which represents a significant infrastructure cost to the local district.

The table below summarizes the estimated fiscal impact provided by the Department of Education to implement the Commission recommendations.

Commission on Educational Excellence
Estimated Fiscal Impact of Recommendations
(Dollars in Millions)

Commission Recommendation	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
I. Accountability [all recommendations (A-D)]	Costs can be met through reallocations				
II. Strategies to Improve Achievement					
A. All-day everyday kindergarten	Local district cost				
B. Core curriculum and assessment	Costs can be met through reallocations				
C. Parent involvement	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
D. At-risk students	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
E. Center for Continuous Quality Improvement	Reallocate funding provided to FINE Foundation				
F. Continued technology funding*	Currently \$30.0 annually through FY 2001				
G. Laptop computers grade four and above	To be funded with private funds				
H. Continue current ICN commitment	Maintain existing funding				
III. Every Child Ready to Start School					
A. Integrated, collaborative community services	Costs can be met through reallocations				
B. Four-year old at-risk program	\$ 4.0	\$ 8.0	\$ 12.0	\$ 12.0	\$ 12.0
C. Parent education and support for children ages 0-3	1.2	3.0	6.0	10.0	13.0
IV. Transforming the Education Profession					
A. Redesign teacher/administrator preparation					
1. Performance standards for licensure	1.5	1.0	1.0	0.0	0.0
2a. Internships	0.0	1.8	3.6	6.0	6.0
2b. Induction programs	0.3	0.7	0.4	0.0	0.0
3. Redesign state approval of prep. programs	Costs can be met through reallocations				
4. Cost benefit analysis of accreditation	0.0	0.0	0.0	0.0	0.0
5. Higher entrance requirements for teacher ed.	0.0	0.0	0.0	0.0	0.0
6. Outreach/recruitment for diversity/shortages	0.5	0.5	0.5	0.5	0.5
7. Regents-wide Masters program for principals	Costs can be met through reallocations				
B. Licensing Based on Performance					
1. New hires, two years experience	0.0	0.0	0.0	0.0	0.0
2. Full licensure for interns and inductees	0.0	0.0	0.0	0.0	0.0
C. Increase Minimum Teacher Salary					
1. Increase minimum to \$23,000	2.5	2.5	2.5	2.5	2.5
2. Increase minimum for inductees to \$25,000	0.0	0.7	2.3	3.2	3.2
3. Increase minimum for interns to \$27,000	0.0	0.0	1.4	4.1	8.7
D. Recognition and Professional Growth for Educators					
1. Professional development	Maintain existing Phase III funding				
2a. Teacher merit awards	9.4	12.3	23.6	34.9	34.9
2b. Administrator merit awards	0.4	0.7	1.3	1.9	1.9
2b. Private sector merit awards	0.0	0.0	0.0	0.0	0.0
2c. National certification stipends	0.3	1.0	2.2	2.5	2.7
3. Intervention for poor performance	0.7	0.7	0.7	0.7	0.7
4. New staffing patterns	0.0	0.0	0.0	0.0	0.0
E. Early Retirement Partial Health Insurance Incentive	0.0	0.9	0.9	0.8	0.7

Commission on Educational Excellence (Continued)
Fiscal Impact of Recommendations
(Dollars in Millions)

Commission Recommendation	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
V. Strengthening Community Relationships					
A. Increase Family Involvement	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
B. Schools as Community Learning Centers	0.0	0.0	0.0	0.0	0.0
C. Extended School Year Options (comp. grants)	4.0	6.0	9.0	12.0	15.0
D. Governmental, Multi-agency Collaboration	0.0	0.0	0.0	0.0	0.0
E. Business, School, and Labor Partnerships	0.0	0.0	0.0	0.0	0.0
VI. Financial Support for Education					
A. Five-year Implementation	As outlined in this table				
B. Continuous Improvement/Efficiency	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
C. Finance Formula Adjustments	No additional cost (see individual recommendations)				
D. Local Option Sales Tax Options	0.0	0.0	0.0	0.0	0.0
E. Bonds Exempt from State tax	No estimate to revenue impact provided				
TOTALS	<u>\$ 24.8</u>	<u>\$ 39.8</u>	<u>\$ 67.4</u>	<u>\$ 91.1</u>	<u>\$ 101.8</u>

*Recommended but not included in the fiscal estimate.

The Department stated that the fiscal estimate contains a number of assumptions, including the number of new teachers each year and the number of new teachers that would elect completion of induction or intern programs.

In addition to the costs estimated in the table, the Commission recommended continuation of the \$30.0 million annual technology funding past the five-year current authorization which expires in FY 2001. However, the cost to continue the technology funding was not included in the estimate. If the technology funding is continued, the State will incur an unanticipated additional cost of \$30.0 million annually in FY 2002 and later years.



None of the estimated costs for implementing the Commission recommendations were incorporated into the Department of Education's budget request for FY 1999.



However, the Department did ask for an increase of \$5.4 million in the standing appropriation for Child Development for FY 1999. The Department indicated the Commission recommendations were not incorporated in the budget request because the budget documents had to be submitted by October 1 and the recommendations were not released in time to be incorporated. The Department indicated the funding and implementation of the Commission's recommendations will be outlined in the Governor's budget recommendation.

❖ Governor's General Fund Recommendations ❖

The table below compares the recommendations made by the Commission with the recommendations made by the Governor for FY 1999.

**Commission on Educational Excellence
Recommendations Compared to Governor's Recommendations
FY 1999
(Dollars in Millions)**

Recommendation	Note	Commission Estimate FY 1999	Governor's Rec FY 1999	Difference
Four-year-old at-risk program (III-B)	1	\$ 4.0	\$ 5.2	\$ 1.2
Parent education and support for children ages 0-3 (III-C)		1.2	0.0	-1.2
Performance standards for teacher licensure (IV-A-1)	2	1.5	1.5	0.0
Teacher induction programs (IV-A-2b)		0.3	0.3	0.0
Outreach/recruitment for diversity/shortages (IV-A-6)	3	0.5	0.3	-0.2
Increase minimum teacher salary to \$23,000 (IV-C-1)	4	2.5	2.5	0.0
Teacher merit awards (IV-D-2a)	5	9.4	9.4	0.0
Administrator merit awards (IV-D-2b)		0.4	0.0	-0.4
National certification stipends (IV-D-2c)	6	0.3	0.2	-0.1
Intervention for poor performance (IV-D-3)		0.7	0.7	0.0
Extended school year options (V-C)		4.0	2.0	-2.0
Totals		<u>\$ 24.8</u>	<u>\$ 22.1</u>	<u>\$ -2.7</u>

Notes:

- 1) The \$5.2 million recommendation encompasses both the four-year-old at-risk and parent education programs.
- 2) The recommendation requires this funding to go the Board of Regents.
- 3) The Governor is recommending \$250,000 to create a forgivable loan program for teacher education candidates that major in shortage areas, such as special education. The funds for the program would go to the College Student Aid Commission.
- 4) The Governor recommends \$2.0 million of new funding and \$0.5 million of existing educational excellence funding. The \$0.5 million of existing funding is from excess Phase I funds from the educational excellence standing appropriation.
- 5) The Governor is recommending \$5,000 annual awards to each of 1,500 teachers and 60 administrators for a total of \$7.8 million. The remaining \$1.6 million is for the State share of FICA and IPERS (\$1.1 million) and administration (\$0.5 million).
- 6) The Governor is recommending \$200,000 from existing Phase III funds from the educational excellence standing appropriation. The funds would provide \$10,000 annual stipends to each of 20 teachers during FY 1999.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM

The federal Balanced Budget Act of 1997 (HR 2015) created the State Children's Health Insurance Program (SCHIP), under Title XXI of the Social Security Act, to enable states to provide health coverage to uninsured, low-income children.

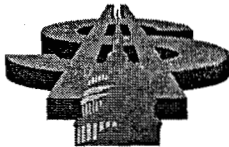
Uninsured Children In Iowa

There are many estimates of the number of uninsured children in Iowa and in other states. Iowa's allotment of federal funds is based on the Health Care Financing Administration (HCFA) estimate of 67,000 uninsured children in Iowa. The Department of Human Services estimates resources provided through this Program would address the needs of 54,000 uninsured children in Iowa, and assumes an additional 13,000 Medicaid eligible children will be enrolled due to the SCHIP outreach.



Federal Funds Appropriated

Federal funds totaling \$23.9 billion are allocated in Federal Fiscal Years (FFY) 1998-2002. The Act specifies continuation of the funding stream through FY 2007. Of the entire allocation, the Congressional Budget Office (CBO) has estimated that \$3.9 billion is needed to fund new state options in Medicaid services and two Diabetes grant programs. Effective October 1, 1997, the remaining \$20.0 billion is available to states for the SCHIP, upon verification of state matching fund appropriations and approval of state plans detailing implementation of the Program.



The FY 1998 SCHIP allotment for Iowa is \$32.5 million in federal funds which provides 74.6% of total funding. The enhanced federal match rate is 10.9% higher than the standard Medicaid match rate the State currently receives. Using the enhanced rate, the State would be required to appropriate an additional \$11.0 million in General Fund moneys compared to estimated FY 1998 to maximize federal funds. States are eligible to receive federal funds beginning October 1, 1997. A maximum of 10.0% of the federal funds received may be used for administration, outreach programs, and direct provision of service.

❖ The Governor is recommending a new appropriation of \$7.0 million to phase in implementation of the SCHIP to provide health insurance to low-income children living in families with incomes up to 185.0% of the Federal Poverty Level, including a client premium copayment for families above 150.0% of the Federal Poverty Level. The Governor anticipates the Program will be effective January 1, 1999. The Governor also recommends an increase in Medicaid eligibility for children to 133.0% of the Federal Poverty Level effective July 1, 1998. The State appropriation will match \$21.0 million in federal funds for FY 1999.

Services Covered

Two types of coverage are provided in the Act:

- Basic services - include inpatient and outpatient hospital, surgical and medical physicians, laboratory and x-ray services, and well-baby and well-child care.
- Optional services - include prescription drugs, mental health, vision, hearing, or other services as determined by individual states.



Insurance Program Design

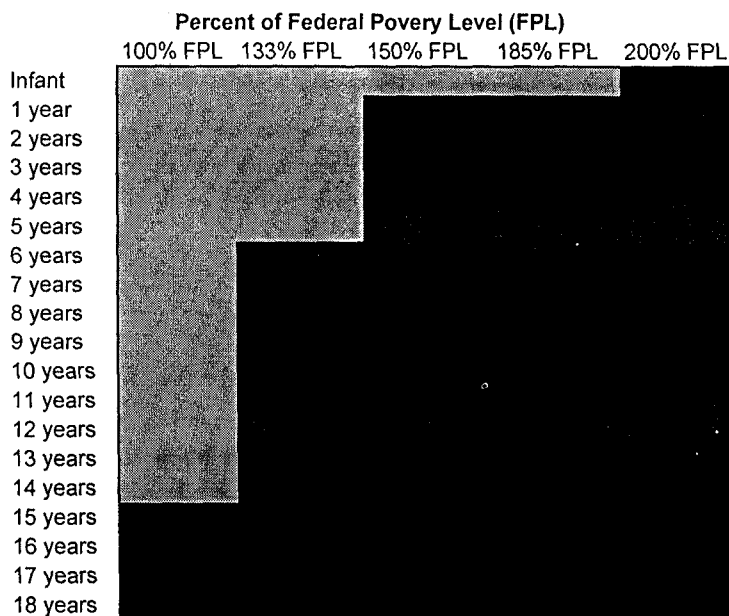
Iowa may choose from three plan options for Program implementation, including:

- A plan comparable to the Blue Cross/Blue Shield plan for federal employees.
- A plan comparable to the plan which State employees receive.
- A plan approved by the Secretary of Health and Human Services.

Eligibility and Co-Pay

The Act provides eligibility for children with family incomes up to 200.0% of the federal poverty level (FPL). States may impose deductibles or cost sharing, subject to specific restrictions detailed in the Act. The following graphic illustrates the potential eligibility groups added by the SCHIP:

Eligibility Groups Added by the SCHIP



Gray = Current Eligibility Group
 Black = Additional Eligibility Group Under SCHIP

The General Assembly may wish to consider the following program design options:

- Policy choices of private insurance, Medical Assistance expansion, or a combination, the method of outreach, and the mechanism of eligibility determination.
- Inclusion of optional services, co-payment, or deductibles, if any, in the Program. The General Assembly may require program specifics to be included in Administrative Rules eventually implemented by the DHS.
- Eligibility ceiling for participation in the Program and buy-in options for low-income parents or families above the eligibility ceiling established for the Program.
- Mechanism to prevent the shift from some other entity to the SCHIP, known as crowd-out.
- Phased implementation - the approval of a State Plan will reserve Iowa's allotment for the subsequent two fiscal years. Under this method, the State would not be required to appropriate the entire \$11.0 million State match in the first year of the SCHIP's operation, but would still reserve the balance of the federal allotment to Iowa for future expenditure.
- Relationship of the SCHIP to Medical Assistance administrative efforts, for example, the new state option of 12-month continuous Medical Assistance eligibility for children and potential administrative changes due to continuous eligibility.

INTEGRATED ACCESS (IA) PLAN UPDATE

In May 1997, the Department of Human Services (DHS) released a draft Request for Proposals (RFP) for the Integrated Access (IA) Plan, a managed care and administrative services organization contract, intended to provide mental health, substance abuse, and specified child welfare services. Based on public comments received and input from the federal Health Care Financing Administration (HCFA), the DHS made significant changes to the original draft in the areas of Plan requirements, structure, evaluation, and services to be covered. The DHS subsequently released a second draft RFP on September 12.

Among the changes included in the second draft were inclusion of Psychiatric Medical Institutions for Children (PMICs), and managed care delivery of core Rehabilitative Treatment and Support (RTS) services to Medicaid eligible children (therapeutic components of Family Centered, Family Preservation, and Group and Family Foster Care Services.)

Due to concern over select components of the second draft RFP, Speaker of the House Ron Corbett and President of the Senate Mary Kramer called a meeting on October 15 to discuss the IA Plan and receive input from interested parties. The DHS has extended the comment period on the second draft RFP indefinitely to allow time for the Legislature and key stakeholders to participate in the decision making process. Subsequent to the October 15 meeting, the Chairpersons and Ranking Members of the Human Services Appropriations Subcommittee and the Human Resources Standing Committee appointed a work group of key stakeholders to study the proposed Plan and make recommendations to the General Assembly by February 1, 1998.



Issues

There are a variety of issues involved in the current debate over the IA Plan. Some of the major areas of discussion since release of the second Draft RFP include:

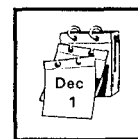
- A possible federal audit and potential loss of federal funds for Rehabilitative Treatment and Support (RTS) services for Medicaid eligible children. In June 1994, the regional office of HCFA initiated a program review of Iowa's system. The HCFA conclusion, reported in July 1995, was that some of the provided services, although of benefit to families, would not be eligible for Medicaid reimbursement. Based on the 1995 Review, HCFA requested a \$1.8 million disallowance from the DHS for the quarter covered by the review. The disallowance was lifted based upon a plan of correction implemented by the Department. If extrapolated to an entire year and assuming no impact from the plan of correction, the annual fiscal impact would have been \$7.2 million. It is

impossible to determine, without a specific and comprehensive review of Department and provider records, if this fiscal estimate would still apply.

- Inflexibility with respect to current treatment services (the restrictions which currently apply to service provision included in the State plan.)
- The lack of integration between behavioral health services and child welfare/juvenile justice services, including existing incentives for entities potentially responsible for payment to deny payment responsibility and shift the costs of treatment to other potentially responsible entities.
- The Plan's impact on service design and delivery, particularly on the efforts of decategorization at the county level.

Current Situation

The work group held a two-day retreat on November 17 and 18. The work group's goal has been defined as recommending strategy options "regarding the manner in which Iowa can develop a more flexible and holistic system for child welfare and juvenile justice services, in particular services funded through Medicaid as rehabilitative treatment services." The work group also intends to make a recommendation on whether to "de-link" child welfare and juvenile justice services from the managed care Plan. The revised timeline for the Plan, as of December 1, is as follows:



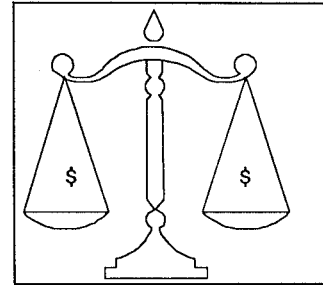
Iowa Plan Implementation Timeline

- | | |
|------------------|--|
| January 12, 1998 | ⇒ Work group's recommendation regarding de-linking of child welfare services from the Integrated Access (IA) Plan to the General Assembly. |
| February 1, 1998 | ⇒ Work group's recommendation regarding strategies to improve the child welfare/juvenile justice system due to the General Assembly. |
| July 1, 1998 | ⇒ Current contract with Merit Behavioral Care, Inc. expires. At present, the DHS is anticipating a delay of two or three months in entering into a new managed care contract and is prepared to extend the existing contract as necessary. |

COUNCIL ON HUMAN INVESTMENT AND BUDGETING FOR RESULTS

During the 1993 Legislative Session, the General Assembly adopted SF 268 (Iowa Invests Program Act) which created the Iowa Council on Human Investment. The charge to the Council included:

- Developing a long-term investment strategy that includes broad measurable policy goals and benchmarks with input from a cross-section of the population.
- Developing an investment budget and accounting model that provides a financial weighting of investments. The model was to be implemented on a pilot basis.
- Studying the potential for the State to appropriate funds according to the highest return on investment and make recommendations to the Governor and the General Assembly related to fully implementing the model developed for the pilot project.



The Council asked the Department of Management to work with Executive Branch departments to develop a budget request format including an emphasis on results-oriented outcomes for all programs. The LFB has participated cooperatively in this effort to offer advice and provide a legislative perspective.

BUDGETING FOR RESULTS IMPLEMENTATION

During the 1996 Legislative Session, the new format was used by seven Executive Branch agencies selecting a single area or program, except the Department of Economic Development, which selected three areas for the pilot project.

During the 1997 Legislative Session, the number of Departments participating with at least one budget unit presented in both the standard budgeting format and the Budgeting for Results format increased to 15. Initially, all departments except the Board of Regents were to participate in the second phase of the pilot project, however the Department of Management (DOM) allowed departments to withdraw.

For the 1998 Legislative Session, all but four departments are expected to present at least part of their budget request in a modified Budgeting for Results format.

Several Departments will provide the entire budget in both the new format and the standard budget request format. These are:

- Department of Economic Development
- Department of Workforce Development
- All departments within the Health and Human Rights Appropriations Subcommittee

According to the DOM, the following departments will not participate in the Budgeting for Results effort this year:

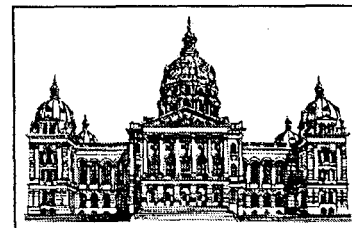
- Department of General Services
- Iowa Communications Network
- Board of Regents
- College Student Aid Commission

NOTE: The DOM has agreed that the new request format and process do not replace the current process, but are in addition to it. Additionally, the DOM agreed that all currently available information necessary for LFB budget analysis and oversight will remain available.

ALTERNATIVES

The General Assembly may wish to consider the following alternatives:

- Rather than generating new forms for reporting performance measure information, the General Assembly may wish to require the DOM to have departments report results-oriented performance measures on the budget schedule available in the existing system. Additionally, outcome performance measures should be tied to decision packages for which departments request funding.
- Require that the current budgeting system be maintained until departments, the Governor, and the General Assembly have had sufficient experience with the new process to ensure its adequacy for decision-making.
- Require that the new budget forms be incorporated into the current set of budget forms as another schedule.



- Designate some entity, such as the Legislative Oversight Committee or the individual appropriations subcommittees, to review and adopt or reject departments' proposed performance measures.

The LFB is preparing a detailed *Issue Review* on Budgeting for Results for distribution at the beginning of the 1998 Legislative Session. That *Review* will include other states' results based budgeting activities and concerns identified both nationally and in Iowa on the utility of this approach for budgetary decision-making.

INNOVATION ZONES

Senate File 2470 (Standing and Other Appropriations Act) passed during the 1996 Legislative Session established an Innovation Zone Board within the Council on Human Investment. The Act required the Board to establish innovation zones to develop new, community-based strategies which are cross-system in focus to improve outcomes for children and their families.



The intent of the Legislation was to enable local jurisdictions to establish partnerships to decategorize available funding. Thirteen communities have been selected as innovation zones. Communities and focus areas include:

- Black Hawk County** - High school graduation rates.
- Cass/Mills/Montgomery Counties** - Students' completion of formal education.
- Cedar Rapids/Linn County** - Comprehensive plan development with priority focus areas for children and families.
- Clinton/Jackson Counties** - Sustaining successful programs and confidentiality/release of information regarding families.
- Des Moines Human Services Coordinating Board** - Reducing duplication of services.
- Dubuque Community Collaborative** - Public transportation.
- Marshalltown** - Juvenile justice system and confidentiality/release of information barriers.
- Sioux City** - Neighborhood based initiatives.
- Jasper/Marion/Warren/Madison Counties** - Case coordination.
- Lee/Van Buren Counties** - Affordable child care and transportation issues.
- Fort Dodge** - Service delivery systems and confidentiality/information sharing.
- Johnson County** - Family Investment Plan (FIP) Follow-up, FIP Diversion Program, and the Family Development and Self-Sufficiency Program.
- Scott County** - Truancy, teen pregnancy, and drop-outs.

Staff members from the Departments of Economic Development, Education, Human Services, Management, and Public Health have been assigned to work with specific communities on plan development. As community plans become better defined, the plans will be reviewed by the Innovation Zone Board, who may then assist in facilitating the waiver process.

Innovation Zone Board members include Cameron Arnold, Chris Atchison, Stanley Cooper, Cindy Eisenhauer, Betty Grandquist, Ginny Hancock, Almo Hawkins, Dave Lyons, Cheryle Mitvalksy (Chairperson), Chuck Palmer, Elaine Pfalzgraf, Keith Ratliff, Julie Schmidt, Clark Smith, Ted Stilwill, Gretchen Tegeler, Senator Mary Neuhauser, and Representative Mary Mascher.

❖ The Governor is recommending the extension of the Innovation Zones sunset to June 30, 1999.

LEGISLATIVE OVERSIGHT COMMITTEE MAJOR ISSUES


During the 1997 Legislative Session, the General Assembly passed HF 730 (Oversight and Communications Appropriations Act) requesting that the Legislative Council establish the Legislative Oversight Committee. Section 12 of the Act specifies the following powers and duties of the Committee:

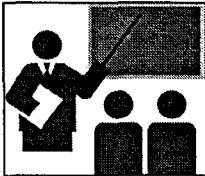
- The purpose of the Legislative Oversight Committee is to review and analyze the structure and operations of State government and the use of information technology in providing services and enhancing the ability of the public to interact with government.
- The Legislative Oversight Committee may, subject to the approval of the Legislative Council, conduct a review of one or more programs or regulations administered or enforced by State government.

During the 1997 Interim, the Committee met monthly from July - November, including a joint meeting held in September with the Legislative Fiscal Committee, and focused on the following major areas of review:

- Iowa Communications Network (ICN)
 - History of legislation related to the ICN.
 - Revenues and expenses of the ICN were monitored monthly and the related impacts caused by an over-estimation of the number of hours of video usage that would be generated by K-12 schools were discussed. This included discussion of possible methods for making up the anticipated revenue shortfall. Options presented included increasing rates on some or all services, charging a monthly site connection fee, requesting a supplemental appropriation, and methods to advertise to encourage usage.
 - Administrative Rules of the ICN focusing on provision of remote Internet Access from an unauthorized site and the definition of an authorized user. (Note: The Administrative Rules Review Committee deferred action on the rules submitted by the ICN and referred the issue to the General Assembly for action during the 1998 Legislative Session.)
 - Tracking of ICN video usage through a program developed by CISCO, Inc., and funded through a federal grant. The program allows tracking of classes and one time educational events being offered via the ICN and allows the authorized user to provide estimates of the number of participants in those courses.



- Agency usage of ICN video services and the effectiveness of this service in reducing agency costs or improving outreach.
- Information Technology Services
 - Monthly reviews of progress made toward addressing Year 2000 computer problems facing State government and other non-computer Year 2000 related technology concerns.
 

(NOTE: The year 2000 data processing issue dates back to the 1960s, when programmers wrote applications using a standard date format of DD/MM/YY to conserve then expensive storage space. When 2000 arrives, the "2000" will be read by computer systems as "00," potentially causing a complete system failure or producing incorrect calculations in time-sensitive programs. An individual program is not very difficult to fix, and requires only that date fields be changed to four digits or a "work around" put in place. The task becomes complicated and costly when the number of lines of code written and the relationship of programs and data between systems is examined. Many government computers are interwoven electronically with those of other governments and the private sector.)
 - Legislation from other states related to the application of law to the use of digital signature, encryption, and the importance of this technology for the future of electronic commerce in Iowa.
- Federally mandated change to High Definition Television for Iowa Public Television by the year 2003 and the related cost estimates of implementation.
- Efforts of the Department of Management related to selection and implementation of business re-engineering projects within State government.
- Extent of cellular phone usage in State government, policies of departments related to cellular phones, and the possibility of establishing a sole source provider of cellular phone service to reduce costs.
- Overview of education issues (jointly with the Legislative Fiscal Committee)
 - The roles and operations of Area Education Agencies, including general background, history, funding, and areas of potential duplication with other entities.
 - New Iowa Schools Development Corporation.
 - Financial impact of education provisions in the federal Taxpayer Relief Act of 1997.
 - Commission on Educational Excellence.

- Practices and procedures of the child abuse assessment staff and related policies of the Department of Human Services (DHS).
- Operations and effectiveness of the State managed care contract with Merit Behavioral Care, Inc, for delivery of mental health services.
- Issues being reviewed by the Human Services Restructuring Taskforce and other Human Services issues that could be studied.
- Overview from private telecommunications industry representatives related to investments already made in Iowa, planned technology improvements and the impact of the ICN on those decisions, and the willingness of private sector companies to partner with the ICN.

Additionally, the Committee requested that the LFB and the Auditor's Office perform two program reviews and present the results to the General Assembly as early in the 1998 Legislative Session as possible. The two studies and anticipated dates of completion are:

- The Manure Storage Indemnity Fund (February 1, 1998)
- Technology Proposals of the Compliance Division of the Department of Revenue and Finance (March 1, 1998)

Materials distributed to the Committee related to these topics are maintained at the LFB office.

LEGISLATIVE FISCAL COMMITTEE MAJOR ISSUES

The Legislative Fiscal Committee is a committee of the Legislative Council. Statute specifies that the ten-member committee gather information to aid the Legislature in properly appropriating money for the functions of government. Other responsibilities specified in statute include directing the administration of performance audits and visitations, studying the operation of state government, and making recommendations regarding government reorganization to the General Assembly (Section 2.46, Code of Iowa). The Committee also conducts studies and prepares *Issue Reviews* as assigned by the Legislative Council.

During the 1997 Legislative Interim, the Fiscal Committee met seven times. One of those meetings was held jointly with the Legislative Oversight Committee. Dennis Prouty, Director of the Legislative Fiscal Bureau, provided regular revenue updates and the Committee also received notices of appropriations transfers or lease purchases. The following FY 1997 appropriations transfers were discussed:

Dollars Transferred	Department Transferred To	Department/Division Transferred From
\$ 40,000	Public Safety, Div. of Criminal Investigation	\$20,000 from Div. of Administrative Services and \$20,000 from Div. of Capitol Police
525,000	Revenue and Finance, State Financial Management Div.	\$275,000 from Compliance Div. and \$250,000 from Internal Resource Management Div.
40,000	Public Health, Medical Examiners	Dept. of Human Services, Medical Assistance
126,000	Inspections and Appeals (DIA), Health Facilities Div.	Appeals and Fair Hearings Div.
26,000	DIA, Investigations Div.	Finance and Services Div.
260,000	DIA, State Public Defender	Indigent Defense Fund
3,383,095	DHS, various	Medical Assistance, Cherokee, Mt. Pleasant
75,000	Corrections, County Confinement	Newton Prison
310,000	Natural Resources, various	Administrative Div. and Parks Div.

The following lease-purchase acquisitions were discussed:

Lease-Purchase Dollars	Department	Explanation
\$ 297,000	Human Services	Eldora State Training School energy improvements
348,876	General Services	Refinance six copiers
240,500	Revenue and Finance	Mosaix Series 4000 predictive dialer for Collections
227,000	Iowa State University	Swine Finishing Building
1,100,000	Iowa State University	Agricultural Products Facility
83,000	Human Services	Glenwood State Hospital

The Committee also heard periodic updates on the ICN status, financial projections, and meetings of the Iowa Telecommunications and Technology Commission (ITTC).

The Committee made the following recommendation from the June 4 meeting to the Council regarding the changes in Senate File 2366 for State of Iowa lease-purchase agreements.

Senate File 2366, passed during the 1996 Legislative Session, limits the total principal lease-purchase amount the Treasurer of State may enter into on behalf of a State agency to \$1.0 million per year. Lease-purchase agreements in excess of \$1.0 million must be approved by the General Assembly, or the Legislative Council if the General Assembly is not in Session, and the Governor.

Because timing can be a critical element in securing an optional interest rate for a lease-purchase agreement, and because the Legislative Council does not always meet on a monthly basis, the Committee recommends that the Legislative Council delegate authority for approval of lease-purchase agreements to the Fiscal Committee when the General Assembly is not in session. The Fiscal Committee is currently notified on a monthly basis of all proposed lease-purchase agreements.

The Legislative Council adopted this recommendation at the June 25 meeting.

The following *Issue Reviews* were presented to the Committee throughout the Interim. More information on any of these topics or copies of the *Issue Reviews* are available from the Legislative Fiscal Bureau.

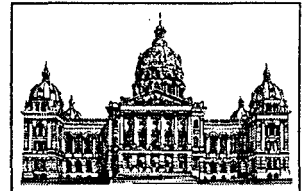
Issue Reviews Presented

- *Issue Review* - Tax Increment Financing
- *Issue Review* - Iowa Housing Corporation
- *Issue Review* - SUI Health Sciences Complex
- *Issue Review* - University of Iowa Biology Building and Renovation Update
- *Issue Review* - Taxpayer Relief Act of 1997
- *Issue Review* - Area Education Agencies Review
- *Issue Review* - New Iowa Schools Development Corporation (NISDC)
- *Issue Review* - Fiscal Impact of Education Provisions in the Federal Tax Bill
- *Issue Review* - Educational Excellence
- *Issue Review* - Judicial Branch: A Brief Description
- *Issue Review* - Update on the Rebuild Iowa Infrastructure Fund
- *Issue Review* - Renewable Fuels and Co-Products Program
- *Issue Review* - Value-Added Agricultural Products and Processes Program
- *Issue Review* - State Child Care Assistance
- *Issue Review* - State Children's Health Insurance Program
- *Issue Review* - Financing Mental Health Services in Iowa
- *Issue Review* - History of Child Welfare Treatment Services Paid by the Medical Assistance Program

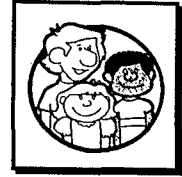
Copies of the *Issue Reviews* are available from the Legislative Fiscal Bureau Office (515) 281-5279.

Other Major Agenda Items

- Over-collection of Health Insurance Premiums - The State of Iowa will receive \$12.4 million from Blue Cross and Blue Shield due to an accounting error. Auditing procedures and safeguards were discussed to assure that a situation similar to the recent Blue Cross and Blue Shield overpayment error doesn't exist somewhere else in State government.
- Various Accounting Processes - Included background on Section 8.39, Code of Iowa, appropriations transfers and revenue estimating process and accuracy, and "built-in increases".
- Tobacco Settlement - Status and potential impact on Iowa.
- Treasurer's Temporary Investment (TTI) Funds - Review of FY 1993 - FY 1998 expenditures for deferred maintenance at the Regent's institutions.
- University of Iowa - Update on the Engineering Building Modernization/Addition Project.
- Year 2000 computer conversion costs - Status update.
- Area Education Agencies - Accreditation Process and the Grant Wood AEA.
- Allowable Growth - Procedures and timeline, enrollment count, and school aid payments, including the timing of payments.
- Courts - Judicial reorganization, administrative functions, fine collection, and information received by the Supreme Court Administrator from the Courts.
- FY 1998 Supplemental Appropriation request of \$1.1 million - ICN.
- Department of General Services - Update on renovation of the Capitol Complex.
- State Infrastructure - Review of the process, discussion of deferred maintenance, fire safety hazards, and other infrastructure issues as applied to the K-12 schools, and visits to the University of Iowa and the Iowa State Fair.
- Lottery Funds - Other states' processes of "earmarking" lottery funds.
- Value-added Agriculture - Including an update on Department of Economic Development assistance programs; the Iowa State University Extension's role in promoting value-added agriculture and the competitive position of Iowa's communities and economy; workforce training issues related to value-added agriculture; and private sector and commodity associations' views concerning economics of value-added agriculture in Iowa.
- State Indebtedness and Callable Debt
- Salary Annualization - Definition of salary adjustment and explanation of salary adjustment calculations.



- School and Community College Technology - Status update.
- Federal Medicaid Reform - Comparison of federal changes, potential State fiscal impact, and whether changes were included in the Department of Human Services FY 1999 budget request.
- Group Foster Care - Potential fiscal impact of the September Iowa Supreme Court Ruling ordering immediate placement of two youths into Group Foster Care.
- Child Care Assistance - Funding history, recent legislative changes, policy options, and status of FY 1998 pilot project implementation.
- Mental Health Institutes and State Hospital Schools - Historical census, other uses of campus space, and space available at the State's institutions.
- Consultec Claims Payment Issues - Correction of erroneous copay billings to optional services providers of Medical Assistance fee-for-service claims.
- State Children's Health Insurance Program (SCHIP) - Potential population served, policy options available to the State, and fiscal implications.
- Managed Behavioral Health Care Contract - Update of managed care contract for Mental Health, Substance Abuse, and Rehabilitative Treatment Services for Medicaid eligible clients.
- Restructuring Interim (DHS) Task Force Status of Recommendations - Fiscal impact of draft recommendations of the Duplication Resource Utilization and Institutions Subcommittees of the Task Force.
- Mental Health Funding - Review of financing of Mental Health, Mental Retardation, and Developmental Disabilities Services, including State and county financial responsibilities.



ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

A ***built-in increase or decrease*** is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year which increases or decreases compared to the prior year. An ***anticipated increase or decrease*** is an anticipated increase or decrease based on prior obligation or action. A built-in change in revenue is not included since the FY 1999 changes are included in the Revenue Estimating Conference's December estimate. Any built-in increases or decreases can be changed by enacted legislation.

The Legislative Fiscal Bureau (LFB) is projecting \$182.0 million General Fund built-in increases and decreases for FY 1999 and \$19.0 million in anticipated increases or decreases for FY 1999. The following table summarizes the projected FY 1999 built-in increases and decreases and anticipated increases and decreases, for a total of \$201.0 million.

❖ The Governor is recommending \$151.0 million for the following General Fund built-in increases and decreases and \$23.9 million for the following anticipated increases and decreases, for a total of \$174.9 million.

Projected FY 1999 Built-in and Anticipated Increases and Decreases

(Dollars in Millions)

	LFB Estimates	Governor's Recommend.	Difference
FY 1999 Built-in Increases and Decreases			
K-12 School Foundation Aid	\$ 65.5	\$ 62.9	\$ -2.6
Collective Bargaining Salary Packages	48.3	44.3	-4.0
Human Services - Medical Assistance	34.0	21.4	-12.6
Natural Resources - Resource Enhancement and Protection (REAP) Standing	11.0	0.0	-11.0
Highway Patrol	9.0	8.7	-0.3
Mental Health Growth Factor	6.3	6.3	0.0
M&E Property Tax Replacement Fund	5.5	5.5	0.0
Revenue and Finance Standing Appropriations	1.9	1.9	0.0
Transportation for Nonpublic Students	0.5	0.0	-0.5
 Total Built-in Increases and Savings	 \$ 182.0	 \$ 151.0	 \$ -31.0

Projected FY 1999 Built-in and Anticipated Increases and Decreases (Continued)
(Dollars in Millions)

	LFB Estimated	Governor's Recommend.	Difference
FY 1999 Anticipated Increases and Savings			
Corrections - Various Projects	\$ 11.2	\$ 11.2	\$ 0.0
Internal Revenue Code (IRC) Update - Revenue Reduction	8.9	8.9	0.0
Group Foster Care / Supreme Court Ruling	3.0	0.0	-3.0
Workforce Development	2.1	0.9	-1.2
DHS Child Support Recovery Welfare Reform Costs	1.3	0.0	-1.3
Staff New Juvenile Facilities at Eldora and Toledo	0.9	0.9	0.0
College Aid - National Guard	0.6	0.4	-0.2
Elder Affairs - Expand Case Management Statewide	0.5	0.5	0.0
Regents - Tuition Replacement	0.4	0.1	-0.3
General Services - Higher Energy Cost	0.3	0.2	-0.1
DNR - Air Match Replace Toxic Fees for Air Pollution	0.4	0.4	0.0
Regents - Opening New Buildings	0.3	0.3	0.0
Judicial Retirement System Fund Contribution	0.1	0.1	0.0
REAP - Notwithstanding Appropriation Language	-11.0	0.0	11.0
Total Anticipated Increases and Savings	\$ 19.0	\$ 23.9	\$ 4.9
Grand Total	\$ 201.0	\$ 174.9	\$ -26.1

Appendix B describes the General Fund built-in expenditure increases or decreases and anticipated increases or decreases in detail by providing:

1. Type of appropriation.
 - A. Standing unlimited appropriation
 - B. Standing limited appropriation
 - C. Regular appropriation
2. Description of the program or budget unit.
3. Explanations of the increases or decreases.
4. Dollar amount of the increase under current law as projected by the LFB, in thousands.
5. Governor's recommended dollar amount of the increase, in thousands.
6. Description of the Governor's recommendation.
7. Dollar change from current law for each Governor's recommendation, in thousands.

OVERVIEW OF THE FY 1999 BUDGETS AND SUBCOMMITTEE ISSUES

The Overview of the FY 1999 Budgets and Subcommittee Issues Section is an analysis of the FY 1999 Governor's recommendations compared to estimated FY 1998 appropriations and a presentation of possible issues to be discussed by the individual appropriations subcommittees. When detailing the Governor's recommendations for FY 1999 compared to estimated FY 1998, capitals and unassigned standings are not included in the totals for the appropriations subcommittees. The capital recommendations are summarized in the Transportation, Infrastructure, and Capitals Appropriations Subcommittee Section. When reviewing information in this document, it is worth noting:

A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

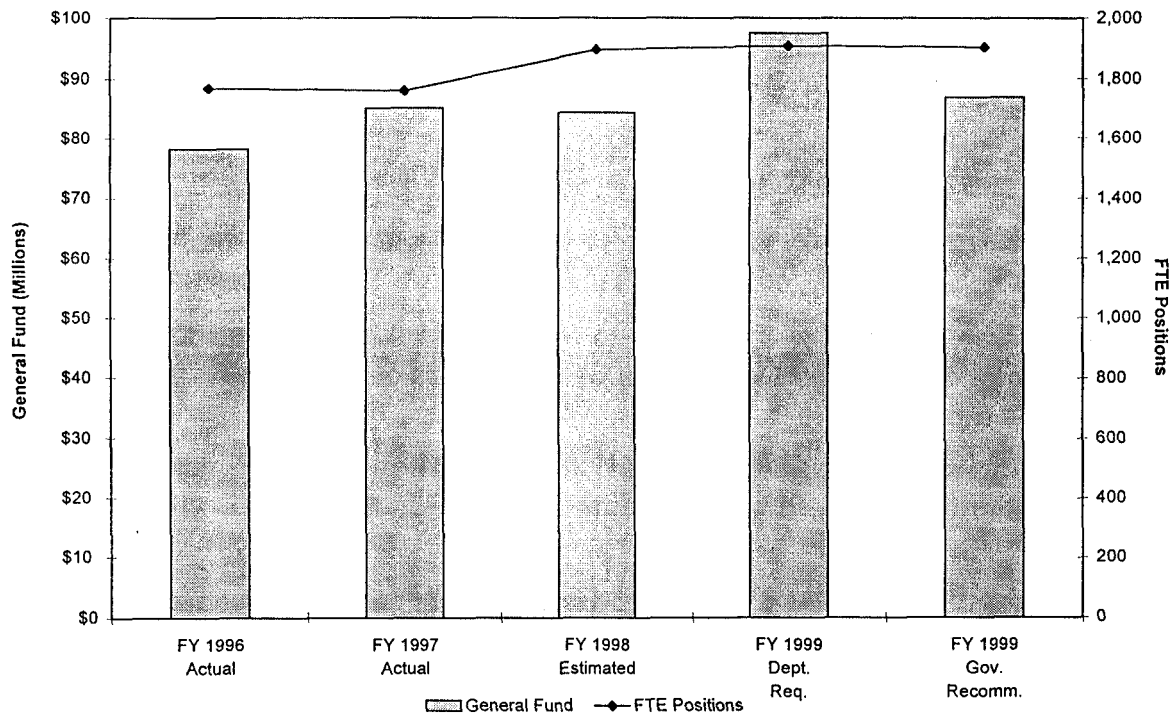


ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$86.9 million from the General Fund and 1,904.5 FTE positions, an increase of \$2.6 million (3.1%) and 9.5 (0.5%) FTE positions compared to estimated FY 1998. This does not include \$115,000 that remains unallocated from the FY 1998 Salary Adjustment Fund or the \$44.3 million requested for FY 1999. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Administration & Regulation Appropriations Subcommittee



Significant General Fund Changes Recommended

1. **Auditor of State** - An increase of \$29,000 for rising costs of office supplies and travel.
2. **Ethics and Campaign Disclosure Board** - An increase of \$43,000 to provide for implementation of electronic filing of campaign reports.
3. **Department of Commerce**
 - A. An increase of \$542,000 to pay rent expense for relocation of the Administrative Services, Insurance, and Utilities Divisions outside the Capitol Complex.
 - B. An increase of \$180,000 and 2.0 FTE positions to provide investigators to support the Insurance Fraud Bureau.
 - C. ❖ An increase of \$69,000 and 2.0 FTE positions to support the Investment Advisor Program to audit and enforce investment advisor/financial planner regulation.
 - D. A decrease of \$50,000 for consultant services in the transition of the telecommunications industry to a competitive environment.
4. **Department of General Services**
 - A. ❖ A decrease of \$135,000 and 4.0 FTE positions to move the Records Program to the Department of Cultural Affairs.
 - B. ❖ An increase of \$196,000 for projected increases in the cost of utilities.
 - C. ❖ An increase of \$189,000 to replace lost receipts due to the relocation of the Department of Commerce outside the Capitol Complex.
 - D. An increase of \$61,000 and 1.0 FTE position to fund a volunteer coordinator position to promote Terrace Hill as a historic site and manage volunteers.
 - E. ❖ An increase of \$54,000 to fund an existing leasing coordinator position.
 - F. ❖ An increase of 2.0 FTE positions to manage infrastructure projects to be funded from Rebuild Iowa Infrastructure Fund (RIIF) receipts.
 - G. ❖ An increase of 2.0 FTE positions to support a Rebuild Iowa Infrastructure Fund (RIIF) Board to be established by funding from the RIIF.



5. **Office of the Governor**

- A. An increase of \$65,000 to fund costs associated with the transition of the current Governor's Office staff.
- B. ❖ An increase of \$25,000 to fund costs associated with the incoming Governor-elect's expenses.

6. **Department of Inspections and Appeals**

- A. An increase of \$24,000 and 1.0 FTE position transferred from the Department of Human Services to conduct front-end welfare fraud investigations in Linn County.
- B. An increase of 1.0 FTE position in the Health Facilities Division to coordinate the State Quality Improvement Program funded by federal funds.

7. **Department of Personnel**

- A. An increase of \$40,000 for consulting services for the Deferred Compensation Program.
- B. An increase of \$90,000 and 2.0 FTE positions for training officers currently funded by the Department of Human Services.
- C. ❖ An increase of \$27,000 and 1.0 FTE position to implement the next phase of the reengineering project to improve the State's workforce selection system.

8. **Department of Revenue and Finance**

- A. ❖ An increase of \$90,000 for a maintenance contract of the Iowa Financial Accounting System (IFAS).
- B. ❖ An increase of \$500,000 for a desktop computer operating system and application development costs.

9. **Office of the Secretary of State**

- A. A decrease of \$25,000 in costs of outside services, data processing, and office equipment.
- B. A decrease of \$40,000 for costs associated with the biennial printing of the Iowa Official Register.

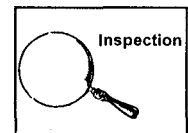
Issues

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

- **Computerization of Campaign Finance Records** - The Board is requesting and the Governor is recommending \$43,000 to complete the implementation of the campaign reporting/electronic filing project.
- **Payment Processes for Interagency Services** - The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service-receiving agencies are classified.
- **Relocation of Agencies Outside the Capitol Complex** - Renovation of the Lucas Building and other Capitol Complex office buildings may require agencies, in addition to the Department of Commerce, to relocate outside the Capitol Complex which will increase the cost of leasing office space and decrease the Department of General Services' receipts.
- **Privatization in Iowa Government** - The Executive Branch is not required to submit planned privatizations or outsourcings to the General Assembly for review. The Subcommittee may wish to consider requiring the Executive Branch to provide information related to planned privatization of government services or activities for review and comment. The General Assembly would thereby have the opportunity to review and comment on the impact of proposals prior to implementation. Other methods of overseeing privatization efforts could include requiring cost analyses of proposals, establishing a Joint Executive/Legislative Task Force to review proposals, or establishing a review process to study significant new personal services contracts.
- **Taxpayer Assistance** - Issues have been raised concerning the way in which the Department of Revenue and Finance responds to inquiries from individuals and businesses about tax returns and sales tax collection.
- **Second Injury Fund** - The Second Injury Fund is estimated to be depleted by the end of FY 1998. The Treasurer of State may need to assess a surcharge on workers' compensation benefits to keep the Fund solvent.



- Deferred Compensation Program - The Administrative Rules Review Committee voted both a procedural and substantive objection to the rules of the current Deferred Compensation Program. The Governor appointed a Task Force on Deferred Compensation that will provide recommendations on the issue in late December. The Department of Personnel may be required to revise the Program and the way in which it is administered.
- Personnel Service Contracts - An issue has been raised whether some individuals under personnel service contract with the State of Iowa should be considered State employees. The Departments of Management and Personnel are studying the State's benefits liability and the implications of reclassifying the contract positions as full-time equivalent (FTE) positions and State employees.
- Inspections of State-licensed only Residential Care Facilities - The Department of Inspections and Appeals was provided with approximately \$120,000 in funding for FY 1997 and \$181,000 in FY 1998 to conduct additional inspections of residential care facilities. Issues have been raised concerning the number and quality of inspections performed by the Department.



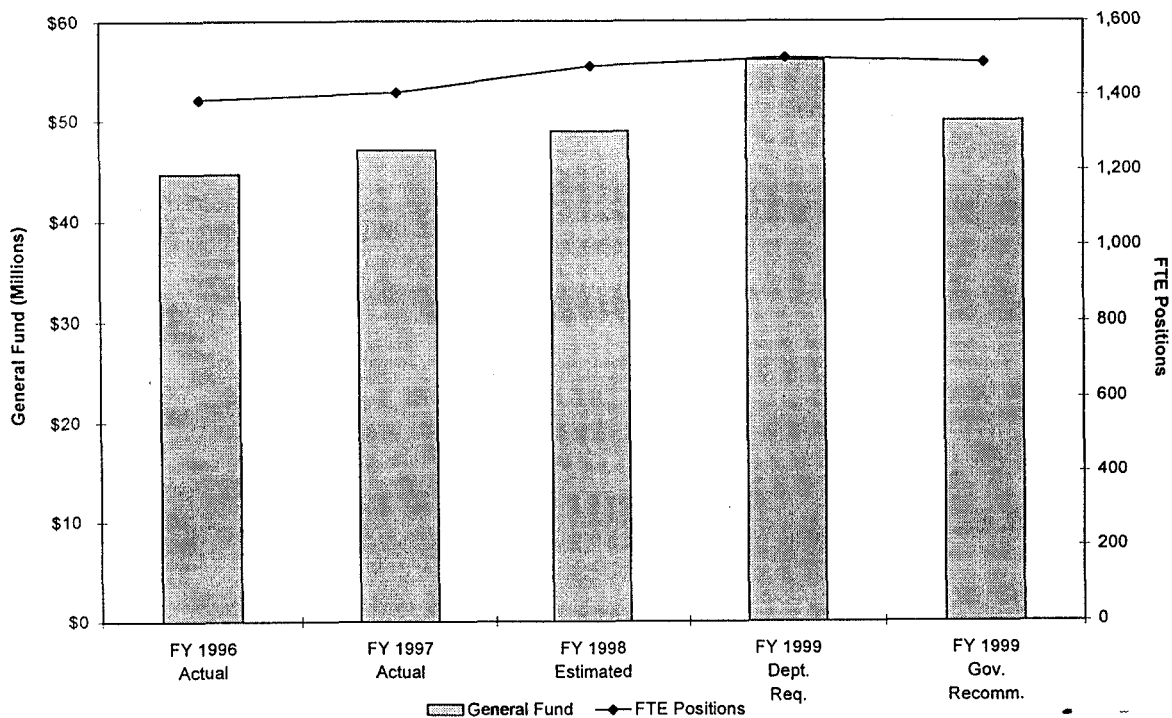
AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE



FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$50.0 million from the General Fund and 1,438.5 FTE positions for the two departments of the Agriculture and Natural Resources Appropriations Subcommittee. This is an increase of \$1.1 million (2.2%) and an increase of 12.0 (0.8%) FTE positions compared to estimated FY 1998. All dollar amounts and percentages include General Fund appropriations from the former Commercial Feed, Fertilizer, Pesticide, Dairy Trade, Milk, and non-capital Marine Fuel Tax Funds. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Agriculture and Natural Resources Appropriations Subcommittee



Significant General Fund Changes Recommended

1. Department of Agriculture and Land Stewardship

- A. An increase of \$42,000 to provide for additional state matching for \$169,000 in new federal funding to expand the Farmer's Market Coupon Program.
- B. An increase of \$7,000 for Hazard Analysis Critical Control Points (HACCP) training of the Meat and Poultry Bureau's inspection staff.
- C. ❖ An increase of \$68,000 and 1.0 FTE position for the expansion of the Organic Agriculture Program in the Laboratory Division.

2. Department of Natural Resources

- A. An increase of \$350,000 to provide matching funds for federal money for the Air Quality Program.
- B. An increase of 2.00 FTE positions to provide additional support for permitting construction and excavation activities in and on flood plains and rivers in the State. Funding of \$110,000 is from Stormwater Permit Fees.
- C. ❖ An increase of \$380,000 and 9.00 FTE positions for additional site inspections and manure management plan oversight.
- D. ❖ An increase of \$12,000 for payment of Upper Mississippi River Systems Management dues.
- E. A decrease of \$15,000 for the Lewis and Clark Rural Water System Grant that was awarded in FY 1998.
- F. ❖ The Governor is recommending \$9.0 million from the General Fund for the Resource Enhancement and Protection Program (REAP). This is no change compared to estimated FY 1998.
- G. ❖ The Governor is recommending \$729,000 from the General Fund for the Drinking Water Supply Program. This is no change compared to estimated FY 1998. The Governor is recommending that \$300,000 of this amount be used for the establishment of the Water Analysis Network.



Significant Other Fund Changes Recommended

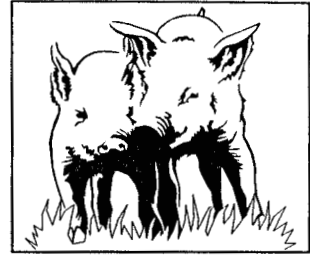
1. **Soil and Water Enhancement Account of the REAP Fund** - A transfer of \$400,000 from the Soil and Water Enhancement Account of the REAP Fund to the Loess Hills Development and Conservation Authority to help control streambed degradation and channel erosion. In FY 1998, the Loess Hills Development and Conservation Authority was appropriated \$400,000 from this fund.
2. **Fish and Game Protection Fund** - An increase of \$370,000 from the Fish and Game Protection Fund compared to estimated FY 1998, for a total of \$23.1 million from the Fund. The change includes:
 - A. An increase of \$300,000 for the replacement of worn boats, motors, and trailers used by the Fish and Wildlife Water Patrol.
 - B. An increase of \$70,000 for salary annualization.
3. **General Fund-Marine Fuel Revenues** -A total of \$411,000 for an appropriation from the General Fund-Marine Fuel revenues which is no change from estimated FY 1998.
4. **❖Infrastructure Fund** - An appropriation of \$430,000 from the Infrastructure Fund for the development of a new park in the Lake Okoboji area. Land for the park was donated to the State of Iowa.

Issues

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

- The REAP funding level. The Code of Iowa requires the Program to receive a standing appropriation of \$20.0 million through FY 2001. The FY 1998 appropriation was \$9.0 million. *The Governor is recommending \$9.0 million from the General Fund for FY 1999.*
- The Air Quality Program. The Air Quality Federal Grant Program requires a 60.0% federal, 40.0% State, or minimum maintenance of effort match ratio to implement the Federal Clean Air Act. The match has previously been funded by air permit fees due to a wavier from the federal government through FY 1998. The Department of Natural Resources is requesting \$350,000 for FY 1999 from the General Fund for the State's match for this program. *The Governor is recommending General Fund Dollars for FY 1999.*

- The Manure Storage Indemnity Fund. The Manure Storage Indemnity Fund is used to indemnify a county for the costs of cleaning up confinement feeding operation from lands received due to nonpayment of taxes. Sources of funds for this fund include permit and license fees, civil penalties, settlements from legal actions, and interest from fund investments. *The Governor is recommending that one-time fees collected from owners of new Department of Natural resources permitted facilities be increased and is proposing legislative authority that would allow the Iowa Executive Council to draw up to \$3.0 million for proper closure and cleanup of abandoned livestock facilities if required.*



- Agricultural drainage wells. The 1997 General Assembly established the Alternative Drainage System Fund to provide financial incentives, in the form of cost-share funds, for the closure of agricultural drainage wells and construction of alternative drainage systems. Chapter 159, Code of Iowa, called for the prevention of surface water from entering agricultural drainage wells by December 31, 1998, and the closure of agricultural drainage wells by December 31, 1999. Current alternative drainage system designs have not been approved by federal agencies concerned with wetland protection rules. If surface water is prevented from entering agricultural drainage wells without alternative drainage systems, there may be a yearly loss of 20.0% to 30.0% of total crop production area in North Central Iowa.

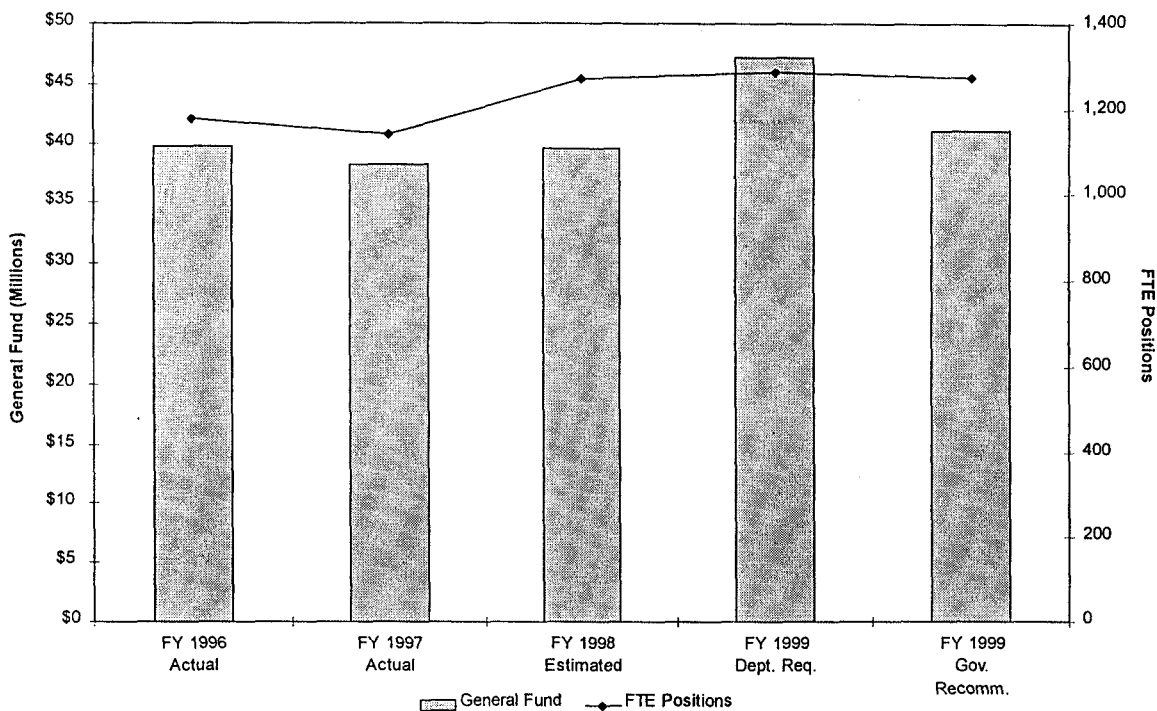


ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$41.1 million from the General Fund and 1,273.5 FTE positions for the three departments of the Economic Development Appropriations Subcommittee. This is an increase of \$1.5 million (3.8%) and 2.3 (0.2%) FTE positions compared to estimated FY 1998. Included in the figures are \$7.4 million and 74.5 FTE positions for seven Board of Regent's programs traditionally funded through the Economic Development Appropriations Subcommittee. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Economic Development Appropriations Subcommittee



Significant General Fund Changes Recommended

1. Department of Economic Development (DED)

- A. An increase of \$68,000 for General Fund salary annualization across all budget units.
- B. ❖ An increase of \$20,000 for the Film Office to provide increased support and services for film crew development, community support, and community preparedness.
- C. ❖ An increase of 1.0 FTE position for additional pre-audit and contract review staff. The Governor recommends the position be funded through current funding sources.
- D. ❖ An increase of \$100,000 to assist existing businesses with workforce recruitment.
- E. An increase of \$50,000 to replace reduced funding from the Rural Community 2000 Fund (Community Assistance Program).
- F. ❖ An increase of \$50,000 to replace reduced funding from the Rural Community 2000 Fund and Community Development Loan Fund (Community Development Programs).
- G. A decrease of \$150,000 due to shifting Councils of Governments funding from the General Fund to the Rural Community 2000 Fund.
- H. ❖ An increase of \$205,000 for expansion of community management assistance services including fire and emergency management.
- I. ❖ An increase of \$125,000 to expand tourism advertising, co-op marketing, and customer service.
- J. An increase of \$12,500 to expand the Partner State Program.



2. Department of Workforce Development (DWD)

- A. An increase of \$19,000 for salary annualization across all General Fund budget units.
- B. An increase of \$59,000 and 1.0 FTE position to ensure compliance with worker's compensation laws and provide industry data.
- C. ❖ An increase of \$57,000 and 1.0 FTE position to inspect the growing number of boilers and elevators subject to Iowa's inspection laws.
- D. An increase of 0.5 FTE position to increase the Workforce Development Coordinator from part-time to full-time and a decrease of \$15,000 to reflect administrative savings.

- E. ❖ An increase of \$900,000 to match new federal grants for Welfare-to-Work programs. This is a new recommendation for FY 1999. The Governor is also recommending \$500,000 in additional matching expenditures be made through the Integrated Customer Tracking and Unemployment Surtax Programs. The Governor's proposal would require a total of \$2.8 million in matching appropriations and/or expenditures also be made during the next two fiscal years (FY 2000 and FY 2001) to fully utilize available federal funding.
3. **Public Employment Relations Board** - An increase of \$6,000 for salary annualization.
4. ❖ **Board of Regents Institution Programs** - An increase of \$8,000 for salary annualization.

Issues

The Economic Development Appropriations Subcommittee may wish to examine the following issues:

- Compliance with Code of Iowa requirements by the Iowa Finance Authority. The State Auditor is required to audit all State agencies. The Auditor includes compliance with Code of Iowa requirements as part of the standard audit. However, the Iowa Finance Authority uses permissive language under Section 16.27(6), Code of Iowa, to have a private auditing firm conduct the Authority's annual audit. Because of the private audit, the State Auditor does not conduct an audit of the Authority. The audit by the private firm does not include Code of Iowa compliance issues.
- Impact of transferring several housing and homeless programs from the Iowa Finance Authority to the DED.
- Status of elimination of the Wallace Technology Transfer Foundation, the transfer of programs, transfer of staff, and distribution of Foundation assets.
- Status of elimination (effective June 30, 1998) of the Iowa Seed Capital Corporation and the transition to the new Iowa Capital Investment Program and Board (HF 722, Capital Investment Act of 1997).
- Impact on Iowa tourism of the FY 1996 supplemental appropriation to Tourism Advertising. The majority of the appropriation was carried forward and expended in FY 1997.
- Level of demand for and the operation of the Community Economic Betterment Account Program. Through October 23, 1997, the Program had an unobligated balance of \$6.4 million of the FY 1998 allocation and collections from repayments and recaptures. The Department is requesting a \$225,000 increase for FY 1999 and to date has not requested a supplemental

appropriation for FY 1998. *The Governor is not recommending an increase for FY 1999 and the Department has not requested a supplemental appropriation for FY 1998.*

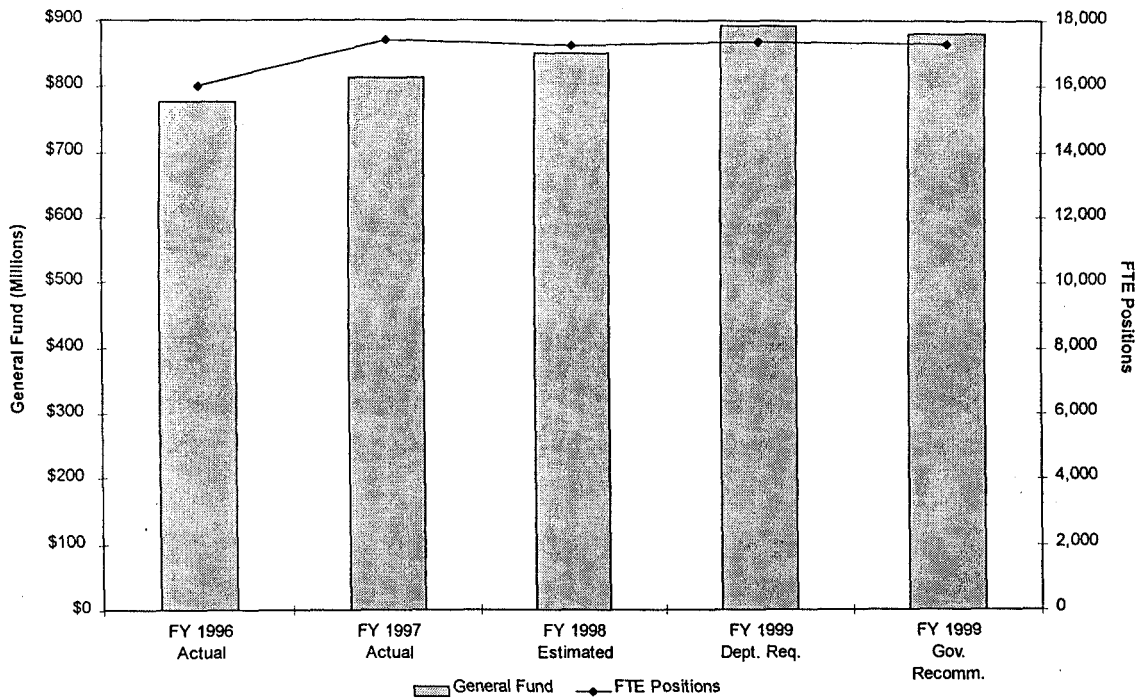
- Impact of "Good Neighbor" agreement weightings on Department of Economic Development competitive financial assistance programs.
- Status of the Enterprise Zone Program (HF 724, Enterprise Zone Act of 1997).
- Status of the Entrepreneurial Ventures Assistance (EVA) Program (HF 368, Entrepreneurial Ventures Assistance Act of 1997). The DED is requesting an increase of \$225,000 for the EVA Program. *The Governor is not recommending an increase for the EVA program.*
- Value-Added Agriculture - *The Governor is recommending the establishment of a \$25.0 million revolving loan fund (Agrifutures Fund) to provide capital financing for Iowa livestock producers. The Governor is also recommending expanding the allowable uses of the Linked investment for Tomorrow (LIFT) Program to include value-added agriculture.*
- Impact of the reorganization of worker training programs on the new Department of Workforce Development and the Department of Economic Development. The 1996 Legislative Session consolidated many worker-training programs under the new Department, effective July 1, 1996.
- Impact of federal workforce program consolidation and reform on Iowa's workforce development efforts. The Department of Workforce Development is requesting \$2.1 million in new funding for FY 1999 to match available federal funds. *The Governor is recommending \$900,000 in new General Fund matching funding for FY 1999. The Governor is also recommending \$500,000 in additional matching expenditures will be made through the Integrated Customer Tracking and Unemployment Surtax Programs. The Governor's proposal would require a total of \$2,777,266 in matching appropriations and expenditures also be made during the next two fiscal years (FY 2000 and FY 2001) to fully utilize available federal funding.*
- Status of the Department of Workforce Development's Integrated Customer Service and Common Intake projects. The DWD is requesting \$3.1 million in FY 1999 to finance a multi-agency information technology project designed to improve customer service and tracking across several State agencies and programs. *The Governor is recommending \$2.7 million from FY 1998 General Fund reversions and \$300,000 from the Rebuild Iowa Infrastructure Fund be appropriated for the technology projects.*

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$880.4 million for operations from the General Fund and 17,235.0 FTE positions for the four departments of the Education Appropriations Subcommittee. This is an increase of \$30.8 million (3.6%) and 42.2 (0.3%) FTE positions compared to estimated FY 1998. This figure does not include the Unassigned Standings, the Infrastructure Fund, the Technology Fund, or salary allocation. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

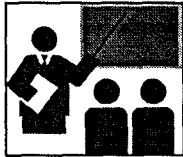
Education Appropriations Subcommittee



Significant General Fund Changes Recommended

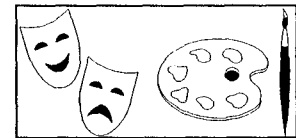
1. College Student Aid Commission

- A. ❖ A decrease of \$236,000 for the Student Aid (Iowa Grant) Program, which is to be replaced by the federal State Student Incentive Grant (SSIG) Program funding.
- B. ❖ An increase of \$418,000 for the National Guard Tuition Assistance Program to add junior and senior educational levels for eligibility.
- C. ❖ A new Teacher Forgivable Loan Program, with \$250,000. Those enrolled in a teacher education program in shortage areas certified by the Department of Education would be eligible for forgivable loans up to \$2,500.
- D. ❖ An increase of \$3.0 million for the Tuition Grant Program, to increase the maximum grant from \$3,400 to \$3,650.
- E. ❖ An increase of \$436,000 for the Vocational-Technical Tuition Grant Program to replace reliance upon the federal State Student Incentive Grant funds (SSIG) (\$225,000 for FY 1998) and to replace the General Assembly appropriation from the Scholarship and Grant Reserve Fund (approximately \$200,000 for FY 1998).



2. Department of Cultural Affairs

- A. Iowa Arts Council - An increase of \$100,000.
1. ❖ An increase of 0.5 FTE position to provide information and promotion of the arts.
2. ❖ An increase of \$100,000 to replace one-time funding provided in FY 1998 for operational support grants.
- B. State Historical Society - An increase of \$209,000.
1. ❖ An increase of \$135,000 and 4.0 FTE positions to transfer the Department of General Services Records Management Division to the State Historical Society.
2. An increase of \$50,000 to contract archival support to begin processing official records generated during the Branstad administration.
3. An increase of \$25,000 and 0.5 FTE position to annualize funding for an archeologist to perform mandated reviews required by the National Historic Preservation Act.
4. An increase of \$24,000 for salary annualization.



- 5. ❖ A decrease of \$25,000 to eliminate one-time funding for exhibit maintenance.
- C. Historic Sites - An increase of \$50,000 to restore full funding for staff of the Western Historic Trails Center.

3. Department of Education

- A. ❖ State Library - An increase of \$126,000 for maintenance of the State of Iowa Libraries On-line (SILO) library information network.
- B. Iowa Public Television - An increase of \$19,000.
 - 1. ❖ An increase of \$25,000 to maintain and update the IOWA database which is a source of information about the Iowa Communications Network (ICN) educational classes and sessions.
 - 2. An increase of \$29,000 for salary annualization.
 - 3. A decrease of \$35,000 and 2.0 FTE positions to transfer two ICN schedulers to the ICN staff.
- C. National Assessment of Educational Progress (NAEP) - An increase of \$50,000 from the General Fund for FY 1999. This is not a new Program. It has been funded in the past from the educational excellence standing appropriation.
- D. ❖ Textbooks for Nonpublic Schools - An increase of \$84,000 to pay increased claims.
- E. Reading Recovery - An increase of \$150,000. This was a new initiative funded during FY 1998. Total funding for FY 1998 was \$200,000 with \$50,000 of that from the General Fund. The Governor is recommending an increase of \$150,000 so the entire \$200,000 would be funded from the General Fund.
- F. ❖ Community Colleges - An increase of \$3.0 million.
- G. ❖ Food, Fiber, and Environmental Sciences - An increase of \$300,000. This is a new program.
- H. ❖ New Initiatives - The Governor is recommending the following General Fund appropriations for the Department of Education in response to recommendations by the Commission on Educational Excellence for the 21st Century:
 - 1. ❖ Induction / internships for beginning teachers - \$300,000.
 - 2. ❖ Meritorious recognition awards for teachers and administrators - \$9.4 million.



3. ❖ Assistance for poor performing teachers - \$675,000.
4. ❖ Extended school year grants - \$2.0 million.
5. ❖ Early childhood grants (for at-risk four-year-old children) - \$5.2 million.

4. **Board of Regents**

A. ❖ An increase of \$1.9 million at the University of Iowa.



1. An increase of \$559,000 for salary annualization.
2. ❖ An increase of \$600,000 for library inflation.
3. ❖ An increase of \$146,000 for building repair on existing buildings. The institution has a FY 1998 budget of \$6.5 million for building repair.
4. ❖ An increase of \$200,000 for bioscience equipment.
5. ❖ An increase of \$150,000 for arts and humanities.
6. A new Birth Defects Registry Program, \$50,000 for supplies.

B. ❖ An increase of \$1.4 million at Iowa State University.

1. An increase of \$189,000 for salary annualization.
2. An increase of \$268,000 for opening the Intensive Livestock Facility Addition at Kildee Hall.
3. ❖ An increase of \$922,000 for salaries, supplies, and equipment associated with the Extension 21st Century Program.



C. ❖ An increase of \$519,000 at the University of Northern Iowa.

1. An increase of \$89,000 for salary annualization.
2. ❖ An increase of \$100,000 for library inflation.
3. An increase of \$66,000 to open the Wellness Building. The University received 10/12 (83.3%) of the FY 1998 request to open the Building in lieu of the total request, while only 71.5% of the Building will open in FY 1998 calculated over a 12-month period.
4. ❖ An increase of \$164,000 for salaries and equipment associated with undergraduate education.
5. ❖ An increase of \$100,000 for salaries, supplies, and equipment associated with international educational experiences.



- D. ❖ An increase of \$40,000 for the Iowa School for the Deaf.
1. An increase of \$9,600 for salary annualization.
 2. A decrease of 30,000 for one-time computerized photography equipment.
 3. An increase of \$60,000 for computerized photography equipment.
- E. ❖ An increase of \$20,000 for the Iowa Braille and Sight Saving School.
1. An increase of \$10,000 for salary annualization.
 2. ❖ An increase of \$5,000 for library inflation.
 3. An increase of \$25,000 for building repair. The School has a FY 1998 budget of \$300,000 for building repair.
 4. A decrease of \$20,000 for a one-time accounting system replacement.
- F. ❖ An increase of \$82,000 for Tuition Replacement. This assumes a reversion of \$839,000 to the State General Fund in lieu of a carryover into FY 1999.
- G. ❖ An increase of \$1.5 million for redesign of teacher and administrator education programs in the Colleges of Education at the University of Iowa, Iowa State University, and the University of Northern Iowa.

Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

- The tiered implementation of the National Guard Tuition Aid Program. The budget request includes an increase of \$311,000 for the Program. This would extend the Program eligibility to the junior level (3rd year of college), in addition to the freshmen and sophomore levels funded in FY 1998. *The Governor recommends adding juniors and seniors with an increase of \$418,000 for FY 1999.*
- The first year of the Vocational-Technical Tuition Grant Program awards for part-time students. *The Governor recommends an increase of \$436,000 for FY 1999 to replace one-time funding available for FY 1998.*
- The need for FY 1999 construction funds within the Driving Simulator Budget Unit at the University of Iowa. House File 2477 (FY 1997 Education Appropriations Act) specified FY 1998 as the last year that construction funds were provided within the Driving Simulator line-item appropriation. *The FY 1999 Driving Simulator Governor's recommendation includes \$359,000 for construction.*

- The use of other sources of income available to the institutions under the control of the State Board of Regents, such as Treasurer's Temporary Investments, indirect cost reimbursements, tuition, and gifts and grants.
- The amount of building repair carry-over by Board of Regents' institutions. *The Governor recommends an increase \$171,000 within the Regents' budget units for building repair.*
- The status of the Department of Education's Management Information System. The Department is requesting \$1.5 million to implement the Electronic Data Interchange (EDI) Program in all school districts.
- The funding recommendations for the community colleges. *The Governor is recommending a \$3.0 million increase in general aid to community colleges.*
- A review of the programs funded by allocations from the Educational Excellence appropriation. *The Governor is recommending that all excess funds in the Educational Excellence appropriation be used to increase the minimum teacher salary. This is approximately \$490,000.*
- A review of the results of an interim task force to study the First In the Nation in Education (FINE) Foundation.
- Elimination of the Permanent School Fund. Elimination of the Fund can only be accomplished by Constitutional Amendment, however, the funds could be loaned to educational entities such as K-12 schools if the Fund is not eliminated.
- A review of implementation of the Reading Recovery Program which was authorized in FY 1998.
- A review of the results of a study of Phase I of the Educational Excellence standing appropriation.
- A review of the fiscal impact of implementing the recommendations made by the Commission on Educational Excellence in the 21st Century. *The Governor is recommending a total of \$17.5 million for several new initiatives related to the Commission's recommendations.*
- A review of the funding for operational support grants in the Department of Cultural Affairs. *The Governor is recommending \$100,000 for operational support grants.*
- A review and update of vacant funded FTE positions in the Department of Education.
- A review of increased funding for local libraries.



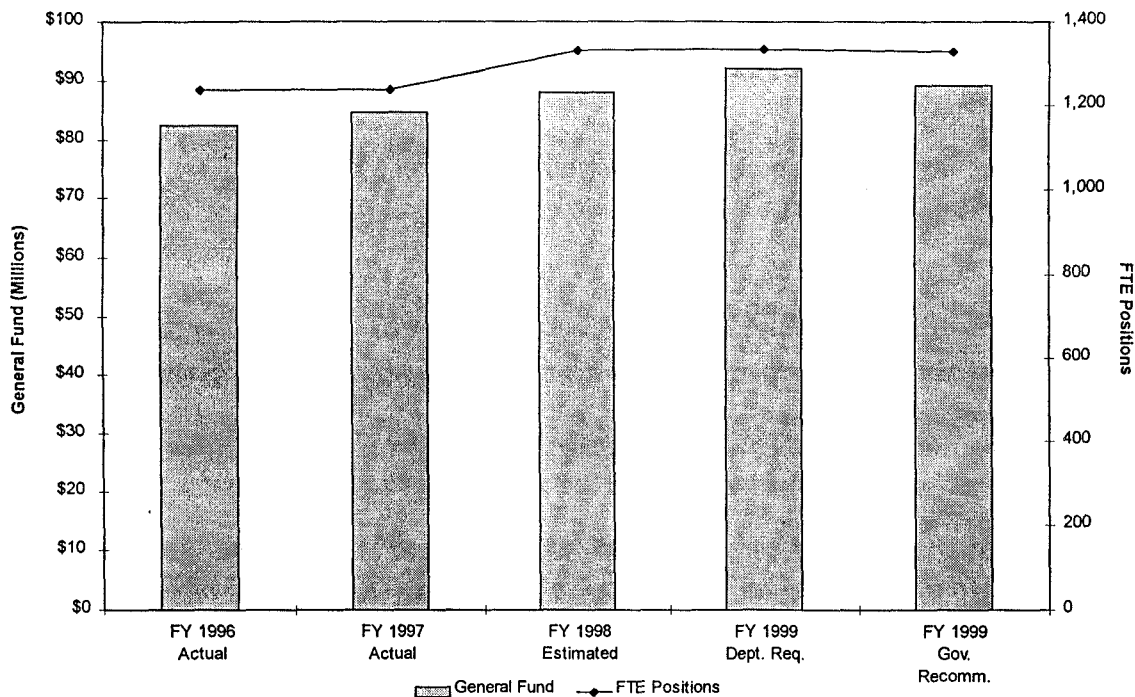
HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE



FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$89.0 million for operations from the General Fund and 1,328.7 FTE positions for the seven departments of the Health and Human Rights Appropriations Subcommittee. This is an increase of \$1.2 million (1.4%) and a decrease of 1.2 (0.1%) FTE positions compared to estimated FY 1998. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Health & Human Rights Appropriations Subcommittee



Significant General Fund Changes Recommended

1. An increase of \$349,000 for salary annualization for the seven departments.
2. **Department for the Blind** - An increase of \$43,000 to maintain the current library service level.
3. **Department of Elder Affairs** - An increase of \$500,000 to expand the Integrated Case Management for the Frail Elderly Program into all 99 counties.
4. **Department of Public Health** - An increase of \$94,000 and 1.0 FTE position to conform to the 85.0% fees returned to budget language in the 1997 Health and Human Rights Appropriations Act.
5. ❖ **Department of Human Rights** - An increase of \$16,000 to provide technological support to all divisions.
6. ❖ **Commission on Veterans Affairs** - An increase of \$193,000 for projected cost increases of contracted housekeeping and food services at the Iowa Veterans Home.

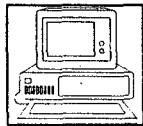


Issues

The Health and Human Rights Appropriations Subcommittee may wish to examine the following issues:

- Case Management Program - Examine the expansion of the Program within the Department of Elder Affairs.
- Universal Newborn Assessments - Evaluate the current fragmentation of preventive and primary health and social service delivery within local communities. Consider the potential benefits of a universal screening of newborns at a standard location to identify high risk families.
- Contract for Housekeeping and Dietary Services - Review the costs of contracting for housekeeping and dietary services at the Iowa Veterans Home. The current contract between the Iowa Veterans Home and the J.A. Jones Company expires in the Spring of 1998. The original contract allowed for an additional five years. However, the price adjustments sought by J.A. Jones were significant. (Note: The bids were opened on December 5, 1996, and were less than anticipated.)

- Funding for Local Boards of Health - Consider the increased public health funding needs of local communities due to emerging infectious diseases and additional use of in-home care services.
- Professional Licensing - Discuss the built-in funding ramifications of the 85.0%-10.0%-5.0% rule for the Professional Licensing Division. The appropriation reached 85.0% of the previous two-years fees collected in FY 1998. Maintaining the 85.0% level will require an increase in FY 1999 and is likely to require increases in subsequent years.
- Infectious Diseases - Consider the public health implications of emerging infectious diseases and organisms that are becoming resistant to antibiotics.
- Deaf Services - Examine the quality and availability of deaf interpretation services within the State of Iowa, including the services provided by the Deaf Services Division of the Department of Human Rights and services available in the private sector.



- Tele-medicine at the Iowa Veterans Home - Evaluate the costs versus benefits of using tele-medicine at the Home via the Iowa Communications Network (ICN).

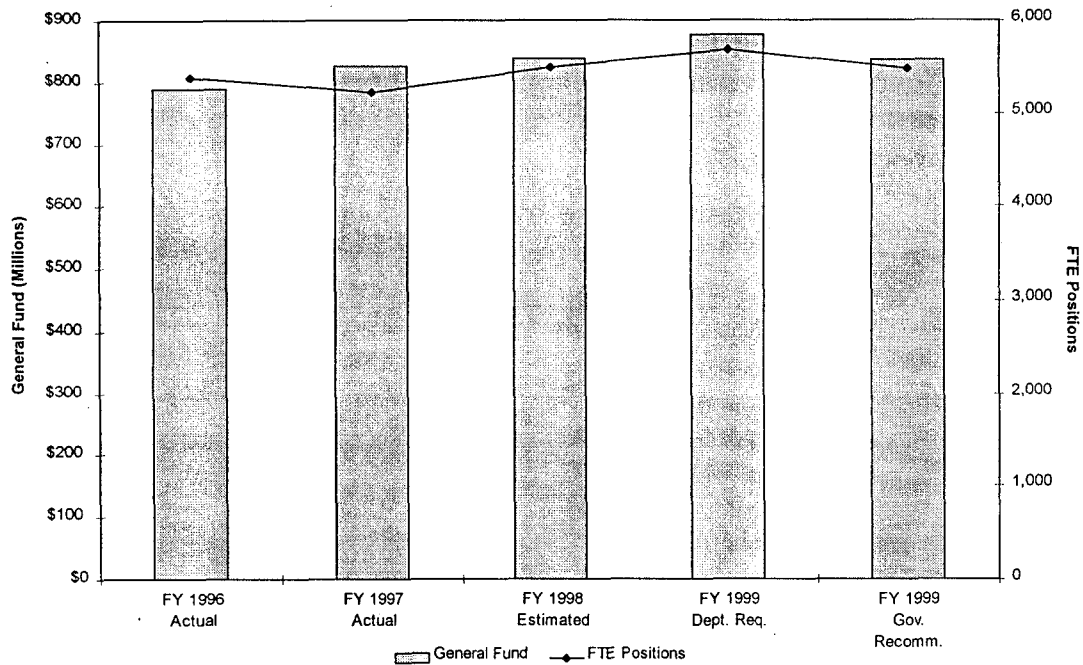
HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS



The Governor is recommending \$835.0 million from the General Fund and 5,477.3 FTE positions, a decrease of \$2.0 million (0.2%) and 18.9 (0.3%) FTE positions compared to estimated FY 1998. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Human Services Appropriations Subcommittee



Significant General Fund Changes Recommended

- Medical Services** - An increase of \$11.2 million (2.7%) in State funding compared to estimated FY 1998. The Medical Services request increase is comprised of four appropriations: Medical Assistance, Medical Contracts, State Supplementary Assistance, and the Health Insurance Premium Payment Program.

A. An increase of \$4.1 million (1.1%) for Medical Assistance compared to estimated FY 1998. The major changes include:


1. ❖ An increase of \$1.2 million due to a decrease in the federal financial participation rate for Medicaid expenditures compared to estimated FY 1998. Since the approval of the Department's budget by the Council on Human Services, the DHS has learned that the federal financial participation rate will decrease from 63.55% to 63.43%, which will increase the amount of General Funds needed to operate the Medical Assistance Program by \$3.4 million compared to the original DHS request.
2. A decrease of \$12.6 million due to utilization and eligibility changes, including savings attributed to increased enrollment in managed health care (which has a lower cost per case than fee-for-service health care), a decrease of nursing facility bed days of 1.0%, and a three-year rather than four-year historical basis for trend estimates.
3. ❖ An increase of \$14.8 million to adjust provider reimbursement levels to meet the State plan and federal requirements. The following is a list of significant reimbursement rate increases proposed by the Department and associated State cost increases for FY 1999.

FY 1999 General Fund Cost of Provider Rate Increases

Provider	Cost	Percent Increase
❖ Inpatient Services	\$ 0.0	0.0%
❖ Outpatient Services	0.0	0.0%
Skilled Nursing Facilities	0.2	2.0%
Home Health Agencies	0.4	2.0%
Nursing Facilities	6.5 *	7.0%
Drug Product Cost	7.3	16.6%
Physician Services	0.4	2.0%
❖ Total	\$ 14.8	

Note: Dollar amounts in millions

*The Governor is recommending remaining at the 70th percentile. The continuation of reimbursement rates for intermediate care facilities at the 70th percentile means that 70.0% of the facilities which have the lowest allowable costs are reimbursed for all costs, while the remaining 30.0% of the facilities receive only partial reimbursement and receive only the maximum daily rate. The Nursing Facilities increase listed in the table is the cost of the 70th percentile. The State is no longer required by federal law to reimburse minimally at the 55th percentile due to repeal of the Boren Amendment in 1997. The total cost of remaining at the 70th percentile is \$6.5 million.

- B. ❖ An increase of \$347,000 (1.8%) for the State Supplementary Assistance Program to meet federal maintenance of effort requirements.
 - C. ❖ State Children's Health Insurance Program (SCHIP) - A new appropriation of \$7.0 million to match \$20.6 million in federal funds to cover low-income uninsured children living in families below 185.0% of the federal poverty level. The Governor's budget recommendation assumes a potential 54,000 low-income uninsured children may be eligible for health insurance coverage either through the Iowa Kids Program appropriation, or through the extension of Medical Assistance eligibility for children to 133.0% of the Federal Poverty Level.
2. **Serving Adults, Children, and Families** - A decrease of \$19.3 million (13.2%) and an increase of 25.8 FTE positions (8.0%) compared to estimated FY 1998. The change includes:
- A. A decrease of \$5.0 million (36.4%) for Child Care Services. The decrease is replaced by an increase of \$5.0 million in Temporary Assistance for Needy Families (TANF) federal funds to provide State Child Care Assistance. The reallocation of funding is budget neutral. 
 - B. An increase of \$512,000 and 12.5 FTE positions for the Iowa Juvenile Home to provide one year of staffing and support to open a renovated 10-bed cottage for female delinquents at Toledo.
 - C. ❖ An increase of \$120,000 and 4.0 FTE positions to transfer FTE positions from the Independence and Cherokee Mental Health Institutes to work with residents with severe mental disorders such as head banging.
 - D. An increase of \$378,000 and 9.3 FTE positions for the State Training School to provide six months of staffing and support required to open a new 24-bed cottage on January 1, 1999, for adjudicated delinquent males at Eldora.
 - E. A decrease of \$19.0 million (17.1%) for Child and Family Services. The decrease is replaced by an increase of \$19.0 million in Temporary Assistance for Needy Families (TANF) federal funds to provide Family Preservation, Protective Child Care, Shelter Care, Family Foster Care, Family-Centered Services, and Wraparound Services.

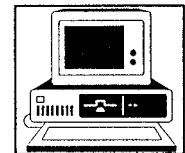
- F. A new appropriation of \$1.3 million for prevention and early intervention services developed by decategorization projects.
- G. An increase of \$679,000 to expand Adolescent Monitoring by 20 youth per month (for a total of 280 youth/month), Supervised Community Treatment by 20 youth per month (for a total of 285 youth/month), and Life Skills by 38 youth per month (for a total of 538 youth/month).
- H. ❖ An increase of \$174,000 to expand funding for School-Based Supervision by 10.00%. The appropriation will fund approximately seven additional programs and increase the total number of programs to 75.
- I. An increase of \$626,000 to expand Group Care by 25 youth per day for a total average daily population of 1,140 children.
- J. An increase of \$1.3 million to provide a 2.0% cost-of-living adjustment to Rehabilitative Treatment and Support (RTS) service providers.
- K. An increase of \$2.6 million for Subsidized Adoptions, including an increase of 670 cases (30.2%) compared to the FY 1998 caseload level of 2,218. Federal funding for Subsidized Adoption is expected to increase by \$2.7 million (35.4%).
- L. ❖ An increase of \$148,000 to increase the maximum per diem for shelter care by \$1.53 (2.0%) per day to offset the amount otherwise billed to counties. The FY 1998 average allowable cost of shelter care is \$101.46 per day, and the existing maximum State payment is \$76.61 per day.
- M. ❖ An increase of \$303,000 to reflect a change in the federal financial participation rate according to the latest information received since the Department request was formulated. The rate will decrease from 63.75% to 63.43% and will increase the State share across service areas within the Division of Adult, Child, and Family Services.
- N. A decrease of \$1.3 million for Family Foster Care, due to an anticipated increase in federal funds for foster care.
- O. A decrease of \$169,000 for Clinical Assessment and Consultation Teams (CACT). The total funding level of \$731,000 would fund a contract for Rehabilitative Treatment and Support (RTS) Service authorization (former CACT function) required to receive federal Medicaid financial participation.



3. **Economic Assistance** - An increase of \$23.1 million (129.9%) and 7.0 FTE positions (3.2%) compared to estimated FY 1998. The 1993 General Assembly changed the Aid to Families with Dependent Children (AFDC) Program to the Family Investment Program (FIP). Economic Assistance is comprised of the three following appropriations:

A. The Family Investment Program (FIP) and Promise Jobs - The recommendation is an increase of \$22.4 million (246.9%) in State funding compared to estimated FY 1998. Federal welfare reform implemented in FY 1998 eliminated the Aid to Families with Dependent Children Program which matched State funds with federal funds on the basis of expenditures. The Temporary Assistance to Needy Families (TANF) Block Grant provides a fixed amount of federal funding for five years. The budget recommendation reallocates General Fund appropriations from other areas of the DHS budget to the FIP and offsets the reallocation with General Fund decreases in the other areas, for a net General Fund savings of \$1.5 million. The changes include:

1. A General Fund increase of \$20.4 million for the FIP appropriation. (The federal TANF allocation is a decrease of \$33.5 million, resulting in a net funding decrease for FIP of \$13,1 million due to an anticipated caseload reduction.)
2. A General Fund increase of \$297,000 for Promise Jobs - (The federal TANF allocation is an increase of \$1.3 million resulting in a net funding increase for Promise Jobs of \$1.6 million to eliminate the waiting list for post-secondary education.) The net funding calculation does not include the one-time FY 1997 \$3.0 million Promise Job ending balance carried-forward into FY 1998 to eliminate the waiting list.
3. ❖ A technology reversion appropriation of \$1.0 million for Phase II computer system changes required as part of Federal Welfare Reform legislation. The Governor recommends funding this item through FY 1998 reversions. The item is ranked second of twenty-one on a prioritized list of technology initiatives for FY 1999, to be funded by unspent funds at the close of FY 1998. It is unknown at this time the total reversions of unspent funds available for technology. The Governor's prioritized list totals \$31.3 million.
4. A decrease of \$926,000 to eliminate all Child Support Rebates effective January 1, 1999. Child Support Rebates return the first \$50 of collected child support to Family Investment Program (FIP) participants.



5. ❖ A decrease of \$1.0 million to eliminate all Child Support Rebates effective July 1, 1998.
 6. An increase of \$908,000 to offset reduced child support recoveries returned to the FIP.
 7. An increase of \$2.4 million to expand the Family Development and Self-Sufficiency (FaDSS) Program by 546 families, with a goal to expand statewide by the end of FY 2000. The increase includes a \$1.0 million increase in the base to offset TANF reallocations for a net funding increase of \$1.4 million.
 8. An increase of \$193,000 to expand Electronic Benefits Transfer to include all counties and 55.0% of food stamp participants by May 1999.
- B. Emergency Assistance - A decrease of \$2.0 million (99.5%) in State funds compared to estimated FY 1998 due to transfer of the Family Investment Program (FIP) and replacement with Temporary Assistance for Needy Families (TANF) federal funds to meet maintenance of effort requirements. The Emergency Assistance appropriation provides up to \$500 per year to families with children under the age of 18. The budget assumes serving 6,600 families at an average grant of \$387.40.
- C. Child Support Recovery Unit - An increase of \$2.6 million (39.3%) and 7.0 FTE positions (3.2%) compared to estimated FY 1998. The change includes:
1. An increase of \$1.3 million and 5.0 FTE positions to replace one-time lottery and reversion funding and positions in FY 1998 to continue federally mandated welfare reform changes.
 2. ❖ An increase of \$336,000 to develop a computer system as required by the federal 1996 Personal Responsibility and Work Opportunity Reconciliation Act. The Governor is recommending that an additional \$571,000 be appropriated from FY 1998 technology reversions to fund the total system cost of \$907,000.
 3. An increase of \$608,000 to increase utilization of contracted Child Support staff to implement Federal Welfare Reform requirements.
 4. ❖ An increase of \$171,159 to develop a centralized Child Support Disbursement Unit and a State Case Registry to facilitate child support data exchange and provide a single remittance point for employee income withholding, as required by the federal 1996 Personal Responsibility and Work

Opportunity Reconciliation Act. The Governor is recommending that an additional \$561,000 be appropriated from FY 1998 technology reversions to fund the total system cost of \$732,000.

4. **Services for Persons with Mental Illness/Mental Retardation/ Developmental Disabilities/Brain Injuries** - A decrease of \$24.4 million (24.8%) and 93.2 FTE positions (3.9%) compared to estimated FY 1998. Major changes include:
- A. Cherokee Mental Health Institute - A decrease of \$567,000 including a decrease of \$672,000 and 13.3 FTE positions due to a reduction in authorized FTE positions.
 - B. Clarinda Mental Health Institute - An increase of \$388,757 including an increase of \$258,000 to increase staffing level for direct care staff by 7.0 FTE positions to comply with certification and licensure requirements.
 - C. ❖Glenwood State Hospital School - A decrease of \$650,000 and 61.5 FTE positions which includes:
 - 1. ❖A decrease of \$846,000 due to a change in the estimated federal funds received by the School.
 - 2. ❖An increase of \$126,000 to reflect a change in the federal matching rate according to the latest information received since the Department request was formulated.
 - 3. A decrease of 61.5 FTE positions to eliminate vacant unfunded positions.
 - D. ❖Woodward State Hospital School - A decrease of \$25.6 million including a decrease of \$25.9 million to implement Net-State budgeting through which the General Assembly would appropriate only the State's share of the School's operating expenses, and the School would discontinue remitting reimbursements from other sources to the General Fund.
 - E. ❖The State Cases Program - An increase of \$1.8 million due to projected increases in county referrals to the Program for mentally ill, mentally retarded, and developmentally disabled populations. The Governor's recommendation reflects utilization projections which have been revised since the Department Request was formulated.
 - F. ❖A new appropriation of \$500,000 and 2.0 FTE positions to open a Civil Commitment Facility to house sexual offenders. The budget recommendation assumes the facility will open in May or June of 1999 and will have annual costs of approximately \$2.0 million for operations plus \$800,000 for legal fees.

5. **Managing and Delivering Services** - An increase of \$766,000 (1.2%) and 40.0 FTE positions (1.7%) compared to estimated FY 1998. The change includes:

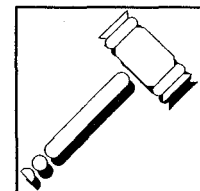


- A. An increase of \$512,000 (3.5%) and 3.0 FTE positions (0.8%) for General Administration compared to estimated FY 1998, including an increase of \$506,000 due to increased costs for personal computer and network server software maintenance agreements for Field Operations, Child Support, Institutions, and Central Office.
- B. An increase of \$235,000 (0.5%) and 37.0 FTE positions (1.8%) for Field Operations compared to estimated FY 1998. Major changes include:
1. A decrease of \$1.2 million to offset a corresponding increase in Temporary Assistance for Needy Families (TANF) federal funds.
 2. An increase of \$408,000 for salary annualization.
 3. ❖ An increase of \$427,000 and 13.0 FTE positions due to increased non-abuse service caseloads. This appropriation decreases the non-abuse service caseload per worker from 103 cases per month to 98 cases per month.
 4. An increase of \$545,000 and 20.0 FTE positions to expand the Child Abuse Assessment pilot project statewide.
6. **Property Tax Relief** - A standing appropriation of \$12.5 million which is an increase of \$6.3 million (6.3%) compared to estimated FY 1998. The change is due to increased mental health costs associated with new clients and inflation as appropriated in HF 255 (1997 Mental Health Allowed Growth Factor Adjustment Act). Appropriated growth for FY 2000 will be considered during the 1998 Legislative Session.
- ❖ The Governor is recommending an increase of \$18.1 million for FY 2000 Mental Health Allowed Growth, which is a growth rate of 2.48% compared to the FY 1999 estimated appropriation.

Issues

The Human Services Appropriations Subcommittee may wish to examine the following issues:

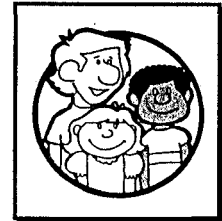
- **Group Foster Care Supreme Court Ruling:** The Iowa Supreme Court ruled on September 17, 1997, that the juvenile court was within its discretion to order immediate placement of two juveniles into group foster despite a legislatively imposed cap on Group Care placements. The Ruling did not specifically address, but may imply, that the General Assembly has the power to establish cost containment measures, such as specific regional bed targets, so long as



procedures and guidelines for placement are established. The General Assembly may wish to examine alternate cost containment measures which comply with the Iowa Supreme Court ruling. *The Governor is not recommending an additional appropriation based on the impact of the Supreme Court decision.*

- **Integrated Access (IA) Plan:** The DHS included managed care of Rehabilitative Treatment and Support (RTS) Services, consisting of the treatment portion of Group Foster, Foster Care, Family Centered, and Family Preservation Services, in a second Draft RFP (Request for Proposal) entitled the Integrated Access (IA) Plan. The contract, currently in an open comment period, includes mental health, substance abuse, and specified child welfare services to lowans eligible for Medical Assistance. A work group has been appointed to make recommendations to the General Assembly regarding the appropriateness of including RTS services in the Plan.

- **State Children's Health Insurance Program (SCHIP):** The LFB has published an *Issue Review* detailing the fiscal and program issues concerning implementation of the SCHIP. The SCHIP provides federal funds to match State expenditures for health insurance for children not eligible for Medical Assistance with family incomes up to 200% of the Federal Poverty Level (FPL). Under the Program, the State will be required to appropriate an estimated \$11.2 million in order to receive the entire \$32.5 million federal dollars allocated as Iowa's annual share of the Program. The General Assembly will need to determine the amount of State money to appropriate to the SCHIP and approve a State implementation plan. *The Governor is recommending an appropriation of \$7.0 million for health insurance coverage for children living in families with incomes up to 185.0% of the FPL through the Iowa Kids Program and the extension of Medical Assistance eligibility for children to 133.0% of the Federal Poverty Level.*



- **Mental Health Funding Inflation:** In FY 1997, HF 255 (Mental Health Allowed Growth Factor Adjustment Act) appropriated an increase of \$6.2 million for FY 1998 and an additional \$6.3 million in FY 1999 for mental health funding, which was an increase of 2.9% compared to the FY 1996 county base expenditures. The General Assembly may wish to establish and codify an allowed growth formula to ensure consistency and ease of determination of future growth dollars. *Note: The Governor is recommending an increase of \$18.1 million for FY 2000 Mental Health Allowed Growth, which is a growth rate of 2.48% compared to the FY 1999 estimated appropriation.*



- **Child Care Demand and Funding:** The LFB has published an *Issue Review* detailing the fiscal and program issues in the area of child care. A significant increase in federal funds available in FY 1997 compared to FY 1996 provided funds necessary to increase recipients'

income eligibility from 110.0% to 125.0% of the Federal Poverty Level (FPL) and to increase provider reimbursement rates, both effective July 1, 1997. The General Assembly may wish to consider additional eligibility or reimbursement changes or quality of care issues.

- **State Cases Appropriation:** The State Cases appropriation has experienced recent significant growth in caseload and expenditures. The State Cases appropriation pays for services to persons with mental health, mental retardation, or developmental disabilities, who have not established legal residence in any Iowa county. The DHS does not anticipate any leveling of the growth trend in the near future, and in an effort to control growth in caseload and expenditures, has included administration of the State Cases Program in the Draft RFP for the Integrated Access (IA) Plan. The General Assembly may wish to study managed care and other options to control the costs of the State Cases Program.

- **Mental Health Institutions Population:** Population at the four Mental Health Institutes operated by the Department of Human Services (DHS) decreased by 7.2% in FY 1997. The average daily census for FY 1997 was 345 compared to 372 in FY 1996. The total operating capacity of the four Institutes in FY 1997 was 454. The General Assembly may wish to develop options to utilize excess capacity at the State Institutions. The General Assembly may also wish to consider the extension of the net-state budgeting technique from Glenwood State Hospital School to other institutions. Note: The Governor's recommendation extends net-state budgeting to the Woodward State Hospital School.



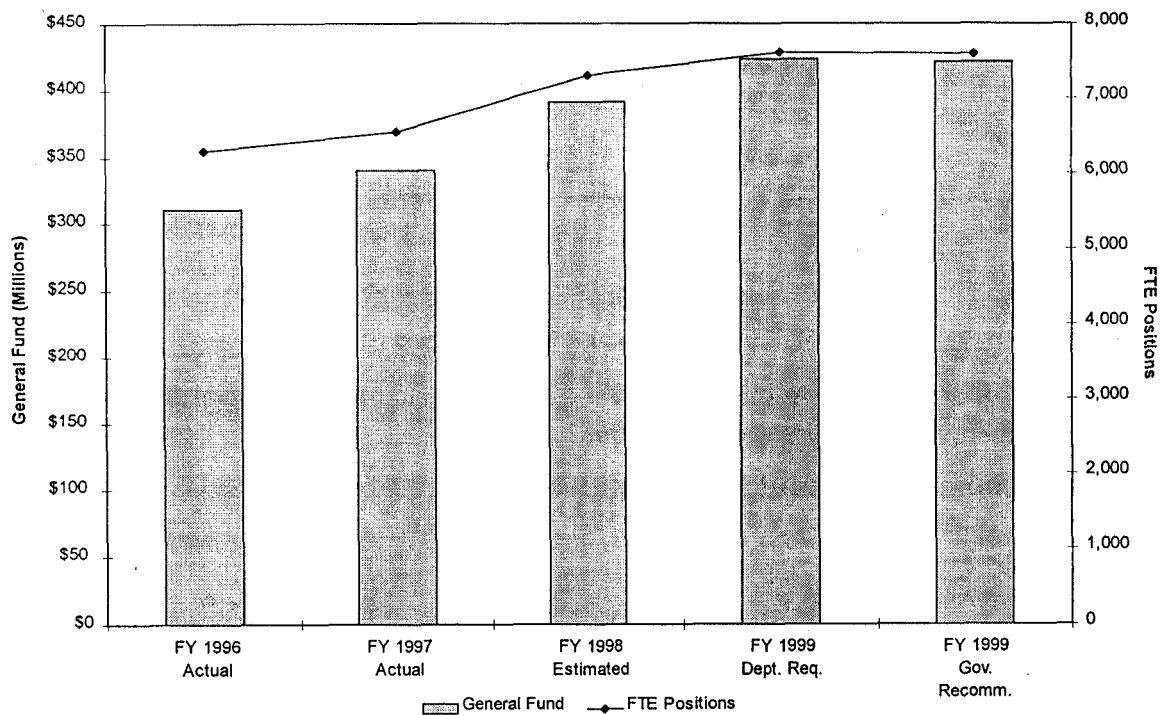


JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$420.4 million from the General Fund and 7,464.6 FTE positions for the eight departments of the Justice System Appropriations Subcommittee. This is an increase of \$29.9 million (7.6%) and 283.1 (3.9%) FTE positions compared to estimated FY 1998. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ♦. The following graph illustrates the history of General Fund appropriations and FTE positions.

Justice System Appropriations Subcommittee



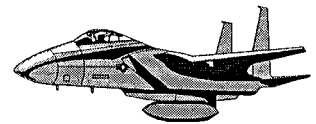
Significant General Fund Changes Recommended

1. **Department of Justice** - An increase of \$132,000 for the Attorney General's Office for upgrading and expanding office technology.
2. **Department of Corrections**
 - A. **Institutions**
 1. An increase of \$8.5 million and 125.0 FTE positions for full year operation of the new Ft. Dodge prison and for operations at full capacity of the Newton prison.
 2. ❖ A decrease of \$826,000 and 12.0 FTE positions for the Ft. Madison prison due to the delay in renovating and reopening Cellhouse 17.
 3. ❖ An increase of \$2.2 million and 49.0 FTE positions for operations of 100 mental health institution beds at Mt. Pleasant converted to prison beds for women with special needs.
 4. ❖ An increase of \$2.5 million for inmate support costs.
 5. ❖ An increase of \$1.3 million and 33.0 FTE positions for staff for inmate labor programs.
 6. ❖ An increase of \$312,000 and 2.6 FTE positions to replace federal Governor's Alliance on Substance Abuse (GASA) funding.
 7. ❖ A decrease of \$1.3 million for revenues from the Pay-for-Stay Program.
 - B. ❖ Central Office - An increase of \$500,000 for hormonal treatment of certain convicted sex offenders.
 - C. **Community-Based Corrections**
 1. An increase of \$1.1 million and 19.3 FTE positions for staffing and operation of the relocated and expanded Work Release Facility in the Fifth Community-Based Corrections District.
 2. ❖ An increase of \$433,000 to replace federal Governor's Alliance on Substance Abuse (GASA) funding.
3. **Judicial Department**
 - A. An increase of \$109,000 and 2.0 FTE positions to establish a Planning Division for the Judicial Department.
 - B. An increase of \$847,000 and 18.1 FTE positions



for Clerk of Court employees in 18 counties for general office functions and 1.0 FTE position for a Collection Specialist in the State Court Administrator's Office.

- C. An increase of \$1.3 million and 16.2 FTE positions for four Law Clerks, 3.2 Court Attendants, eight Personal Computer Specialists and one Financial Aide, and office equipment for the District Courts.
 - D. An increase of \$639,000 and 12.0 FTE positions for seven positions currently funded through the Enhanced Court Collections Fund, an additional three Personal Computer Specialists, and two System Administrators.
 - E. An increase of \$959,000 and 14.5 FTE positions for two Juvenile Court Specialists 2, two Juvenile Court Officers, four Court Reporters, and one Secretary. This request includes 3.6 FTE positions for Local Coordinators and 1.9 FTE positions for Secretaries for the Court-Appointed Special Advocate (CASA) Program.
 - F. An increase of \$28,000 to fund cost increases for the Victim Restitution Fund due to the minimum wage increase and more severe damages caused by juveniles.
 - G. An increase of \$138,000 for the Judicial Retirement Fund.
4. **Iowa Law Enforcement Academy**
- A. An increase of \$28,000 and 1.0 FTE position to refill an administrative position eliminated in FY 1998.
 - B. An increase of \$38,000 for a software package to manage training records files and to hire an outside firm to enter training records data into the system.
5. ❖ **Parole Board** - The conversion of a part-time Parole Board member position to a full-time vice-chair position at a cost of \$15,000.
6. ❖ **Department of Public Defense - Military Division:** Funding of \$50,000 as an Information Technology Initiative to be used as the State match for a "Smart Building" project to enhance energy efficiency. Federal support is budgeted at \$500,000. The issue will be addressed by the Oversight and Communications Appropriation Subcommittee.
7. **Department of Public Safety**
- A. Iowa State Patrol - An increase of \$8.4 million due to a shift in funding sources. Funding for the Highway Patrol is being transferred from the Motor Vehicle Use Tax to the General Fund over a four-year period beginning in FY 1997 as required by SF 481 (Transportation and



Capitals Appropriations Act of 1995). The Act appropriated \$9.0 million from the General Fund for FY 1997 and increased the appropriation annually by \$9.0 million over the next three years, through the year 2000.

B. Division of Criminal Investigation

1. ❖ An increase of \$350,000 and 2.0 FTE positions to establish a deoxyribonucleic acid (DNA) Profiling Unit to create and maintain a DNA database, to purchase lab supplies, and to cover the increased costs of DNA testing versus traditional serology identification testing supplies.
2. ❖ An increase of \$365,000 and 4.0 FTE positions to conduct risk assessments and investigations of sex offenders who have failed to register or notify the Department of address changes required by law.
3. ❖ An increase of \$318,000 and 6.0 FTE positions for law enforcement coverage of the new Osceola Riverboat.

C. Division of Narcotics Enforcement - An increase of \$145,000 to replace federal funds for the Gang Unit.

8. Department of Inspections and Appeals

A. Indigent Defense - An increase of \$126,000. The change includes:

1. ❖ An increase of \$1.1 million to pay all juvenile indigent defense claims from the Department directly. Currently the counties pay an initial portion of juvenile indigent defense claims and the remainder is paid by the Indigent Defense Fund. Each year the counties portion is adjusted for inflation in addition to the base amount. This increase will be offset by a decrease in property tax credits to the counties by \$1.1 million.
2. ❖ An increase of \$706,000 for additional funding to increase attorney rates for all in Court activity and to increase attorney rates for Class A, B, C, and D felonies out of Court activity.
3. ❖ A decrease of \$1.7 million due to a reduction to the base budget.

B. ❖ Public Defender - A decrease of \$77,000 due to one-time FY 1998 costs for office equipment and computers.

Issues

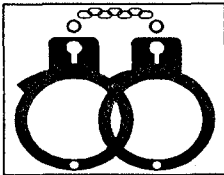
The Justice System Appropriations Subcommittee may wish to examine the following issues:

Department of Justice

- Legal Services Poverty Grant Program - This pass-through grant program was started with federal funds to help provide representation for individuals eligible for basic assistance for civil cases, such as housing disputes, domestic abuse cases, and loss of disability benefits. The Program was funded in FY 1997 at \$950,000 and in FY 1998 at \$500,000 from the General Fund. The Department is requesting an increase of \$450,000 for the Legal Services Grant Program. *The Governor is recommending no funding for this Program in FY 1999.*

Department of Corrections

- Prison Overcrowding - The Iowa prison population is projected to grow at an annual average rate of more than 450 inmates per year over the next decade. The addition of the three new 750-bed prisons will reduce overcrowding. By the end of FY 1998, after the Ft. Dodge prison is open, the prison overcrowding will be reduced to 127.5% of design capacity. By the summer of 2003, inmate population is projected to surpass the previous overcrowding high of 159.0%, set in June 1995. By the end of FY 2006, prison overcrowding is projected to exceed 175.0% of design capacity. To keep pace with the current growth rate, a new prison comparable to the Ft. Dodge facility will need to be added every two years. The Department is proposing another 750-bed medium security prison be approved during the 1998 Legislative Session.

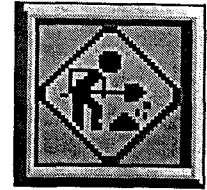


The Governor is recommending converting 100 mental health institution beds at Mt. Pleasant to prison beds for women inmates with special needs, and adding 200 maximum security special needs beds at Ft. Madison. The Governor is also recommending funding the State match for the 200-bed facility at Mitchellville from the Prison Infrastructure Fund. The project is currently in the architectural design phase. The new Mitchellville and Ft. Madison facilities would receive a federal Violent Offender Incarceration/Truth in Sentencing (VOI/TIS) funding.

- Additional Funding Requests - The Department, with the approval of the Board of Corrections, has sent a letter to the Governor requesting an additional \$14.4 million and 141.4 FTE positions above the planning level budget required by the Department of Management. The funding would cover growing inmate costs, staffing for inmate jobs, technology improvements, support staff, and

Community-Based Corrections supervision improvements. *The Governor included some of these items in his recommendations.*

- Prison Industries - Prison Industries is investing a portion of its funds for buildings to house private sector operations that will hire inmates. The Department is considering repaying Prison Industries with a portion of the revenues recouped from inmate wages. These moneys have been budgeted for prison operations and offsetting reductions have been made in the General Fund FY 1998 appropriation and FY 1999 requests. Several questions the Subcommittee may choose to examine are:



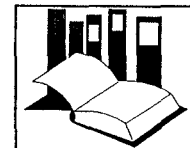
How does the investment of Prison Industries funds in buildings affect its ability to maintain other operations and the upgrades necessary to remain profitable?

How does redirecting funds originally budgeted for prison operations affect inmate support and prison staffing levels?

Does working in private sector jobs provide an educational or counseling component to insure the inmates develop the necessary and marketable job skills?

The Governor is recommending a \$2.2 million FY 1998 supplemental appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) for the Department of Corrections to construct facilities for private sector companies to employ prison inmates.

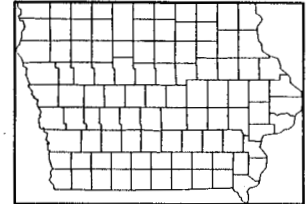
- Prison Education - Literacy is a significant problem among the inmate population, and the Department has focused educational resources on literacy for the past several years. Research suggests inmate education increases employability of released inmates and reduces recidivism. Much of the vocational education is provided in conjunction with Prison Industries. The effectiveness of this arrangement needs to be examined.
- Telemedicine - Telemedicine units are in operation at the Ft. Madison and Oakdale facilities and will be instituted at Newton, Ft. Dodge, and Clarinda in the near future. These are intended to reduce transportation costs and the risk to the public from inmates being escorted to the University of Iowa Hospitals.
- Substance Abuse Problem - Addiction to various drugs and alcohol is a major problem for prison inmates and Community-Based Corrections clients. The Department provides treatment through a variety of avenues, such as the "Drug Court" pilot program in the Fifth Community-Based Corrections District, intensive supervision, and treatment programs for inmates.



- Prison and Community-Based Correction District Departments Programs - The Department has minimal resources dedicated to evaluating the effectiveness of Community-Based Corrections programs and the implementation of intermediate sanctions.

Judicial Department

- Iowa Court Information System (ICIS) - Installation of the ICIS has been completed in all counties. The system needs to be reviewed for efficiency, usefulness of the information in management decision-making, uniformity in the data collected, and ability to share information with other branches of government.



- Collection of Fines and Fees - In FY 1996, the Court Enhanced Collections Fund was added to the other programs to encourage the Department to reduce the uncollected fines and fees. During FY 1996 and FY 1997, the Department received the maximum amount of \$4.0 million. The efforts to improve collections and the use of collected funds need to be reviewed.

The Governor is recommending a \$35.00 fee be charged to establish payment plans for payment of Court costs, fines, and fees. It is estimated \$700,000 will be collected by this fee. This money will be deposited into the General Fund.

- Staffing and Workload - In FY 1996 and FY 1997, the number of judges and support staff was increased. Caseloads and staffing levels need to be reviewed to determine if further adjustments are needed.

Department of Public Defense

- Army and Air National Guard Strength - The Guard is attempting to attract new recruits and maintain its full strength posture in a time when public interest in military service is declining. Beginning in FY 1997, the Department offered recruits an education tuition incentive. The Subcommittee may want to review the effectiveness of the incentives.
- Federal Funding - Federal funding has declined over the past two fiscal years. The Subcommittee may want to consider the impact of federal funding changes on the Military Division.

Department of Public Safety

- Gambling Enforcement - The gambling industry has expanded in Iowa with the addition of an excursion boat in Osceola. Staffing for the excursion boat will need to be addressed for FY 1999 when it is scheduled to begin operation. *The Governor is recommending funding for enforcement efforts. The Governor*

is also recommending that the Osceola excursion boat reimburse the State 100.0% of the cost of the enforcement efforts totaling \$318,000.

- Sex Offender Registry - The Code of Iowa requires registration with the Department of Public Safety by specified offenders. In addition, the Department must be notified of any address changes for ten years after registration. The Department is requesting additional resources to do risk assessments on registrants and to track individuals who fail to notify authorities when changing their address. *The Governor is recommending an increase of \$365,000 and 4.0 FTE positions for this Program.*

Public Defender and Indigent Defense Program

- Caseloads - The caseloads need to be reviewed to determine the adequacy of staffing and funding.
- Hourly Attorney Rates - *The Governor is recommending increasing all in Court attorney rates and increasing out of Court attorney rates for Class A, B, C, and D felony activity. The change in rates will result in an increased cost to the Indigent Defense Fund of \$706,000.*

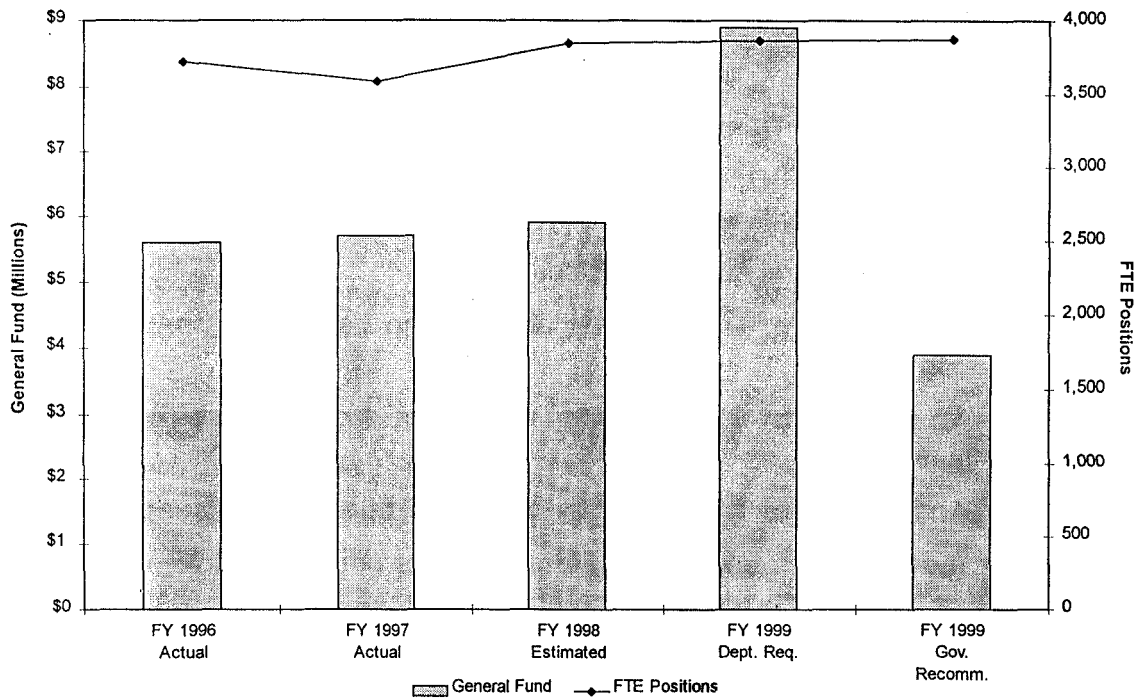


TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

FY 1999 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$4.0 million from the General Fund for the Transportation, Infrastructure, and Capitals Appropriations Subcommittee. This is a decrease of \$2.0 million (33.4%) compared to estimated FY 1998. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Transportation, Infrastructure, and Capitals
Appropriations Subcommittee



Department of Transportation Operations

The Governor is recommending \$244.4 million and 3,871.0 FTE positions for the Department of Transportation (DOT) for operations and special purpose appropriations. This is an increase of \$3.6 million (1.5%) and 20.0 FTE positions (0.5%) compared to estimated FY 1998. Of this amount, \$4.0 million is being recommended from the General Fund, a decrease of \$186,000 (4.5%) and \$240.4 million from other funds, an increase of \$3.7 million (1.6%) compared to estimated FY 1998.

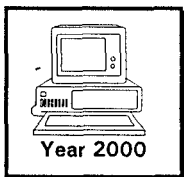
Significant General Fund Changes Recommended

1. A decrease of \$225,000 for the Railroad Assistance and Rail Economic Development Programs due to reduced demand for the programs.
2. An increase of \$28,000 to provide additional funding for the State Aviation Program.

Significant Other Fund Changes Recommended

The following changes include requests from the Primary Road Fund and the Road Use Tax Fund:

1. An increase of \$1.5 million for salary annualization.
2. An increase of \$235,000 for utility and lease cost increases.
3. An increase of \$225,000 for 5.0 FTE positions to assist in the development of a Local Area Network for DOT offices.
4. An increase of \$186,000 to address the Year 2000 computer conversion.
5. An increase of \$116,000 for equipment and software maintenance leases.
6. An increase of \$102,000 for increased telecommunication costs.
7. An increase of \$94,970 and 2.0 FTE positions for additional driver license examiners to assist with the issuance of Commercial Driver Licenses due to an increase in demand.
8. An increase of \$292,000 and 9.0 FTE positions to implement new requirements legislated in HF 734 (License Revocation Penalties Act of 1997) and HF 707 (Substance Abuse Act of 1997) pertaining to the collection of civil penalties for certain motor vehicle violations and for monitoring proof of the drinking drivers course completion.
9. ❖ An increase of \$148,000 and 4.0 FTE positions for implementation of the proposed Graduated Driver Licensing System which would place additional licensing requirements on beginning drivers between the ages of 14 and 17.



10. An increase of \$275,000 to purchase additional salt as a result of increasing the maintenance on D-Level roads.
11. An increase of \$457,000 for the increased cost of salt for highway maintenance.
12. An increase of \$689,000 for increased replacement costs of equipment purchased through the Materials and Equipment Replacement Revolving Fund.

Issues

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee may wish to examine the following issues pertaining to the DOT's budget request:

- Examination of the major transportation projects programmed in the Five-Year Transportation Improvement Program.
- Review of the projected Road Use Tax Fund revenues, off-the-top allocations, and distribution of funds for road construction and maintenance.
- Review of compliance with Access Iowa Highway requirements and the effects on the Transportation Program and Iowa In Motion.
- Potential impacts of the federal Transportation Reauthorization Act on Iowa's transportation funding. Funding for transportation programs under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) terminated on September 30, 1997. Prior to the close of federal fiscal year, Congress failed to draft a new reauthorization bill. However, Congress did pass a six-month extension in funding, releasing approximately \$115.9 million in obligation authority to Iowa (includes State and local funding allocations). The six month authorized spending level will not be sufficient to fund the DOT's the construction projects to be let in March.
- Review of the Department's proposal to borrow funds from the Revitalize Iowa's Sound Economy (RISE) Program to meet the cash flow needs of the Primary Road Fund. Review the potential impact of this proposed policy on projects receiving funding from the RISE Program.
- Review the County Driver License Interim Study Committee recommendations and cost analysis to determine the impact on the Department of Transportation's budget. The Study Committee recommended expanding the driver license issuance to an additional 42 counties. Currently, six counties in southwest Iowa are authorized to issue driver licenses.
- Examination of the operations of the Office of Motor Vehicle Enforcement including staffing levels and hours of operation of the scale facilities throughout Iowa.

- Review of the estimated surplus of funds available in the Underground Storage Tank Program. This Program receives an annual allocation of approximately \$30.0 million from the Motor Vehicle Use Tax. Assuming no new law changes, the Underground Storage Tank Program is projected to have approximately \$300.0 million in excess revenue available by FY 2011.
- Review of the proposed Agrifutures Revolving Loan Fund - *The Governor is recommending the establishment of an Agrifutures Revolving Loan Fund using \$25.0 million from the Underground Storage Tank Marketability Fund. Under the Governor's proposal, the Agrifutures Fund will begin receiving the \$4.2 million quarterly installment from the Motor Vehicle Use Tax retroactive to January 1, 1998. Once receipts to the Agrifutures Fund total \$25.0 million, the Motor Vehicle Use Tax receipts will be directed to the Road Use Tax Fund.*
- Review of the Governor's recommendation of the proposed Graduated Driver Licensing System and the impact on the DOT operating budget. *The Governor is recommending an increase of \$148,000 and 4.0 FTE positions to the DOT's budget for implementation of the proposed Graduated Driver Licensing System. The system establishes a three-tiered graduated licensing system for beginning drivers between the ages of 14 and 17.*

Capital Projects

❖ The Governor is recommending \$109.4 million for capital projects from three funding sources. This includes \$104.9 million from the Rebuild Iowa Infrastructure Fund, \$3.9 million from the Primary Road Fund, and \$550,000 from the Road Use Tax Fund. The following table shows the total funds being requested by source and agency.

Governor's FY 1999 Recommendations

Capital Projects

(Dollars in Millions)

State Agency	Infrastructure Fund	Primary Road Fund	Road Use Tax Fund	Total
Agriculture	\$ 1.5	\$ 0	\$ 0	\$ 1.5
Corrections	1.8			1.8
Economic Development	6.4			6.4
Education	3.0			3.0
General Services	30.6			30.6
Judicial	0.3			0.3
Natural Resources	6.7			6.7
Public Defense	0.7			0.7
Public Safety	2.1			2.1
Regents	26.6			26.6
State Fair Authority	3.0			3.0
Telecomm. & Tech. Comm.	18.9			18.9
Transportation	3.0	3.9	0.6	7.5
Workforce Development	0.3			0.3
Total	\$ 104.9 *	\$ 3.9	\$ 0.6	\$ 109.4

*The Infrastructure Fund Total includes \$70.9 million appropriated by prior General Assemblies.

The Rebuild Iowa Infrastructure Fund request of \$104.9 million includes \$70.9 million in funds that were appropriated in the 1996 and 1997 Legislative Sessions. New funding requests from the Rebuild Iowa Infrastructure Fund total \$34.0 million. The significant new funding requests are discussed below.

Significant Capital Project Recommendations

1. Department of Corrections

- A. ❖ \$1.5 million from the Rebuild Iowa Infrastructure Fund to renovate the power plant and improve the water capacity at the Mitchellville Correctional Facilities.
- B. ❖ \$300,000 from the Rebuild Iowa Infrastructure Fund for improvements to the Mt. Pleasant Correctional Facility to increase the capacity by 100 beds. The Governor is proposing to use an additional \$800,000 for the project from the Fort Madison Penitentiary operating budget. The \$800,000 was appropriated for the operation of Cellhouse 17 in FY 1998. Due to a pending lawsuit, Cellhouse 17 will not be renovated or operational during FY 1999.

2. Department of Economic Development

- A. \$5.0 million from the Rebuild Iowa Infrastructure Fund for the Physical Infrastructure Assistance Program. The Program provides financial assistance for business or community infrastructure development or redevelopment projects that result in the creation of quality, high-wage jobs, and involve substantial capital investment.
- B. ❖ \$250,000 from the Rebuild Iowa Infrastructure Fund to construct of a welcome center at Hamburg.

3. Department of General Services

- A. ❖ \$7.8 million from the Rebuild Iowa Infrastructure Fund for major maintenance improvements to facilities and institutions throughout the State. This includes improvements to fire alarm systems, emergency and exit lighting, asbestos abatement, leaking roofs, and electrical and mechanical deficiencies.
- B. \$1.0 million from the Rebuild Iowa Infrastructure Fund for increased costs associated with interior restoration of the State Capitol Building.
- C. ❖ \$750,000 from the Rebuild Iowa Infrastructure Fund for construction of the Hall of Pride located on the Capital Complex.
- D. \$700,000 from the Rebuild Iowa Infrastructure Fund for major maintenance improvements at Terrace Hill.
- E. ❖ \$4.5 million from the Rebuild Iowa Infrastructure Fund for continued renovation of the Lucas Building.
- F. ❖ \$600,000 from the Rebuild Iowa Infrastructure Fund for improvements to the Salisbury House in Des Moines.
- G. \$1.3 million from the Rebuild Iowa Infrastructure Fund for moving expenses associated with the relocation of state employees on the Capitol Complex.
- H. ❖ \$128,000 to fund 2.0 FTE positions to staff an Infrastructure Board that is being recommended by the Governor.
- I. ❖ \$1.0 million for planning for the Capitol Terrace Project, site appraisal, and restoration of lots 7 and 8.

4. Judicial Department - \$250,000 from the Rebuild Iowa Infrastructure Fund for restoration of the Supreme Court Chambers.

5. **Department of Natural Resources**

- A. ❖ \$2.3 million from the Rebuild Iowa Infrastructure Fund for boating access and lake restoration projects that meet Marine Fuel Tax funding requirements. Marine Fuel Tax receipts are currently deposited into the General Fund from which appropriations are made. Included in the Governor's FY 1999 recommendation is the deposit of all Marine Fuel Tax receipts into the Rebuild Iowa Infrastructure Fund.
- B. ❖ \$430,000 from the Rebuild Iowa Infrastructure Fund for construction of the Elinor Bedell State Park and Wildlife Preserve in Dickinson County.

6. **Board of Regents**

- A. \$60,000 from the Rebuild Iowa Infrastructure Fund for planning and design of a 35,000 square foot recreation complex at the Iowa School for the Deaf. The Board of Regents have programmed \$3.2 million for FY 2000 in the Five-Year Capital Project Priority Plan for construction of the complex. The institution will raise \$1.0 million in private donations for the project.
- B. \$150,000 from the Rebuild Iowa Infrastructure Fund for fire and environmental safety projects at the Iowa School for the Deaf.
- C. \$75,000 from the Rebuild Iowa Infrastructure Fund for maintenance projects at the Iowa Braille and Sight Saving School.
- D. \$50,000 from the Rebuild Iowa Infrastructure to complete the upgrade of the telephone system at the Iowa School for the Deaf.

7. **State Fair Authority** - \$3.0 million from the Rebuild Iowa Infrastructure Fund for improvements to the Cattle Barn.

8. **Department of Transportation**

- A. ❖ \$1.0 million from the Rebuild Iowa Infrastructure Fund for infrastructure projects at Iowa's ten commercial service airports.
- B. \$550,000 from the Road Use Tax Road Fund to complete the paving and grading necessary to replace the existing scales and to construct buildings at the scale and inspection site in Fremont County.
- C. ❖ \$1.5 million from the Primary Road Fund for construction of maintenance garage facilities. The projects include facilities in Storm Lake, Allison, and Shenandoah.
- D. \$500,000 from the Primary Road Fund for construction of salt storage facilities.

- E. ❖ \$300,000 from the Primary Road Fund for waste water treatment improvements at maintenance garage locations.
- F. ❖ \$300,000 from the Primary Road Fund for replacement of roofs at various maintenance garage locations.
- G. ❖ \$100,000 from the Primary Road Fund for improvements to DOT facilities located throughout the State for compliance with the Americans with Disabilities Act requirements.
- H. \$1.2 million from the Primary Road Fund for remodeling the third floor of the Department of Transportation Administration Building in Ames.

Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to capital projects.

- Review of the most recent estimates of the Rebuild Iowa Infrastructure Fund. The current estimate of total resources available to the Fund in FY 1999 is \$130.4 million. The General Assembly appropriated \$70.9 million for FY 1999 during the 1996 and 1997 Legislative Sessions resulting in \$59.5 million available for appropriation. *The Governor is recommending \$34.0 million from the Rebuild Iowa Infrastructure Fund for new capital projects in FY 1999.*
- Review of plans to relocate employees on the Capitol Complex due to the elimination of office space as a result of interior restoration of the Capitol Building.
- Review of Department of General Services' cost estimates to complete the renovation of facilities located on the Capitol Complex.
- Review of the Governor's recommendation to create the Rebuild Iowa Infrastructure Board that would provide funding recommendations to the Governor and the General Assembly. As proposed, the Governor and General Assembly would be allowed to veto projects from the Board's list, but would not be allowed to add projects to the list. *The Governor is also recommending an increase of \$128,000 and 2.0 FTE positions within the Department of General Services to assist the proposed Board with the management and programming of construction and renovation projects.*
- Review the Governor's recommendation to add 2.0 FTE positions for engineers to manage infrastructure projects within the Department of General Services to be funded from the Rebuild Iowa Infrastructure Fund with funds appropriated for construction projects.
- Review of the Governor's recommendation to change the threshold from \$60.0 million to \$85.0 million on the amount of Gambling receipts that are deposited

into General Fund prior to receipts being deposited into the Rebuild Iowa Infrastructure Fund. The recommendation will decrease the amount of revenue to the Rebuild Iowa Infrastructure Fund by \$25.0 million. *The Governor is recommending using the \$25.0 million for funding his recommendation to double the current pension exemptions.*

- Review of the Governor's recommendation to transfer Marine Fuel Tax receipts from the General Fund to the Rebuild Iowa Infrastructure Fund. *The Governor is recommending appropriations for associated capital projects from the Rebuild Iowa Infrastructure Fund in the amount of total estimated receipts (\$2.3 million).*
- Review of the Governor's FY 1998 recommendation for a supplemental appropriation of \$2.2 million for the construction of buildings within correctional facilities to accommodate the pay-for-stay program for inmates.

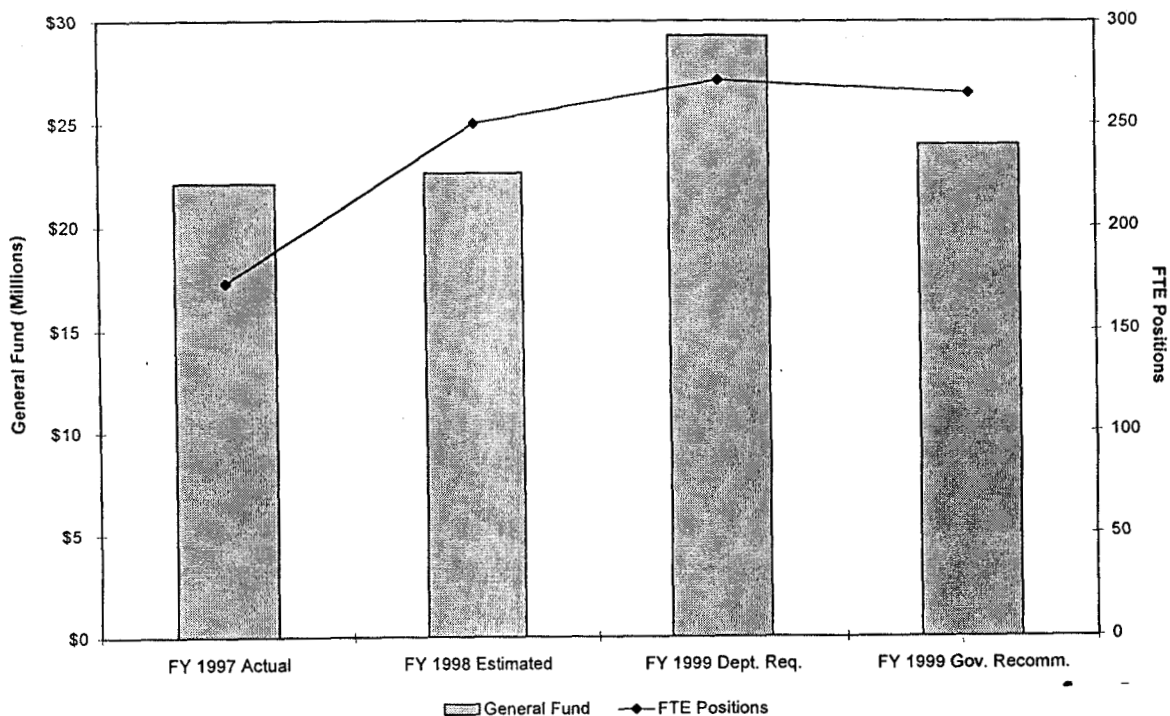
OVERSIGHT AND COMMUNICATIONS APPROPRIATIONS SUBCOMMITTEE



FY 1999 GOVERNOR'S RECOMMENDATIONS

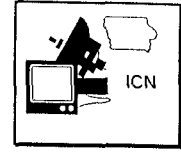
The Governor is recommending \$23.9 million from the General Fund and 265.0 FTE positions, an increase of \$1.3 million (5.8%) and 15.0 (6.0%) FTE positions compared to estimated FY 1998. During the 1997 Legislative Session, all General Fund appropriations requested by the Iowa Telecommunications and Technology Commission were appropriated to other departments for payment of costs related to the Iowa Communications Network (ICN). However, as the Commission is again making the requests rather than the other departments, this analysis compares changes from estimated FY 1998 as if they had been appropriated to the Commission. Unless otherwise indicated, all increases or decreases are compared to estimated FY 1998. A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's modification of a concept or funding included in a department request, is preceded by the symbol, ❖. The following graph illustrates the history of General Fund appropriations and FTE positions.

Oversight and Communications Appropriations Subcommittee



Significant General Fund Changes Recommended

1. ❖ **Iowa Telecommunications and Technology Commission** - The Governor is recommending an increase of \$1.3 million (7.5%) and 13.0 (15.7%) FTE positions compared to estimated FY 1998. The Commission is the governing entity of the ICN.



[NOTE: For FY 1998, the General Assembly appropriated \$17.7 million from the General Fund for video subsidization and operations (\$3.0 million to the Department of Education), debt service (\$12.5 million to the Treasurer of State), and educational support (\$2.2 million to Iowa Public Television). In FY 1999, the majority of the Commission's operating revenues will come from an enterprise fund using ICN revenues generated from fees collected for voice, data, video, and other services.] The change includes:

- A. ❖ An increase of \$113,000 to support Part III educational activities of the ICN. These funds will be transferred to Iowa Public Television (IPTV).
- B. ❖ An increase of \$900,000 for video rate subsidization. (NOTE: This is the same amount as the Governor's recommended supplemental appropriation for FY 1998 for the same purpose.)
- C. An increase of \$267,000 for network debt service.
- D. ❖ An increase of \$4.0 million for the first year of network migration to Asynchronous Transfer Mode (ATM) protocol and MPEG2 technology. This will allow more efficient use of the Network by allowing a signal to travel two different directions across the fiber cable to increase the likelihood of reaching its destination. The change will also reduce the bandwidth necessary for carrying that signal, so multiple signals can use the same cable. Current technology will only allow the signal to travel one direction and only allow one video signal to be transported across a fiber cable line. The Governor is recommending that this be funded through the creation of a Technology Initiatives Account using funds that would otherwise revert to the General Fund at the end of FY 1998.
- E. An increase of 13.0 FTE positions. Two positions will be transferred from IPTV for implementation of a new scheduling service for the ICN. The other 11.0 FTE positions are the proposed reclassification of contract employees to permanent positions needed to operate the ICN when build out to all Part III users is complete.

2. **Information Technology Services** - The Information Technology Services Entity, is currently located in the Department of General Services. It was created in FY 1997 using 28D and 28E Agreements between the Departments of General Services, Workforce Development, Transportation, and the ICN. The Entity has requested a status quo budget, with no change compared to estimated FY 1998. The goal of the Entity is to reduce costs through re-engineering and reorganization of the three data centers within the Executive Branch. The Entity plans to cover all salary annualization costs and reinvest the remainder of the savings from these efforts into necessary technological improvements within the Executive Branch.

❖ For FY 1999, the Governor is recommending \$4.9 million and 158.0 FTE positions from the General Fund, and the creation of a proposed Department of Information Technology Services. The recommendation includes the transfer of funding, not new funding, from the Information Technology Services Division of the Department of General Services.

Technology Initiative Account

❖ The Governor is also recommending up to \$31.3 million from funds that would otherwise revert to the General Fund at the end of FY 1998 to be used to establish the Technology Initiatives Account. The Governor recommended 21 projects to be funded through the Account. Below are the projects, departments, and estimated first year costs, in the priority established by the Governor. (NOTE: Numbers may not equal total due to rounding.)

1. ❖ Human Services - Welfare Reform System (\$1.0 million)
2. ❖ Human Services - Child Support Recovery System (\$1.1 million)
3. ❖ Workforce Development - Integrated Information System (\$2.5 million)
4. ❖ Education - Teacher Examiners Records Imaging System (\$475,000)
5. ❖ Corrections - Iowa Communications Network Connections (\$600,000)
6. ❖ Economic Development - Sustaining First Stop Business/Licensing Center Pilot (\$100,000)
7. ❖ Workforce Development - Sustaining Community Resource Directory Pilot (\$178,000)
8. ❖ Revenue and Finance - Sustaining Tax and Wage Reporting System (\$125,000)
9. ❖ Revenue and Finance - Tax Processing Imaging System Development (\$2.7 million)
10. ❖ ICN - Technology Replacements and Upgrades (\$4.0 million)

11. ❖ Human Rights - Iowa Court Information System (ICIS) Data Analysis Warehousing Project (\$175,000)
12. ❖ Inspections and Appeals - Indigent Defense Claims Processing Redesign (\$75,000)
13. ❖ Human Services - Institutions Central Area Networks (\$1.2 million)
14. ❖ Iowa Public Television - Digital Television Broadcasting Conversion (\$2.0 million)
15. ❖ Education - Electronic Data Interchange (EDI) (\$1.5 million)
16. ❖ General Services - Purchasing System (\$2.5 million)
17. ❖ Public Defense - Preventive Maintenance System (\$50,000)
18. ❖ Public Health - Telephone Verification System (\$400,000)
19. ❖ Revenue and Finance - Tele-filing of Tax Returns (\$150,000)
20. ❖ Human Services - Family and Children's Services (FACS) and Statewide Tracking of Abuse Reports (STAR) System Upgrades (\$266,000)
21. ❖ Board of Regents - Technology Needs (\$10.1 million)

Issues

The Oversight and Communications Appropriations Subcommittee may wish to examine the following issues:

- Proposed Administrative Rules (New Chapter 16 and changes to Chapter 14) relating to the definition of authorized user and remote dial-up access to the Internet via the ICN.
- New technological innovations that may serve as alternatives to the ICN's current planned technology migration.
- Subsidization level of video use. Should the State subsidize the use of ICN video services for all users or only certain users?
- Allowing the substitution of libraries requesting connection to the ICN for K-12 schools that are opting out of connecting to the ICN.
- Requiring the ICN to provide priority to educational users of video services.
- Potential sale of the ICN and related impacts on current authorized users.
- Potential for privatization of the management of the ICN. An Interim Study Committee is studying this issue and may make recommendations early in the Legislative Session.

- Potential partnerships between the ICN and private telecommunications companies that may improve services to all lowans.
- Potential impacts of the Federal Communications Commission (FCC) Universal Fund on the rates to be charged to educational, library, and rural telemedicine users of all ICN services and video services in particular. The Fund is proposed to reduce the costs of telecommunication services for these types of users.
- The use of savings generated through re-engineering and reorganization, for reinvestment by the Information Technology Services (ITS) Entity without specific prior approval of the General Assembly for those expenditures. *The Governor is recommending a status quo budget for the ITS. This would allow the ITS to utilize savings in one area for new expenditures, such as technology upgrades.*
- The need for State intervention to provide high-speed, low cost Internet service for every Iowa community. The Utility Board studied this issue and issued a report to the General Assembly on January 1, 1998.
- The request for a \$1.1 million dollar supplemental appropriation for video subsidization, due to the over estimation of the level of utilization of video services by K-12 schools and no additional change in video rates. *The Governor is recommending a \$900,000 FY 1998 supplemental appropriation due to increased usage of video services.*
- Possible creation of a revolving fund for Information Technology Services.
- Establishment of a mechanism for review of all major technology requests from the Executive Branch. *The Governor is recommending creation of a Technology Initiative Account that would fund major new technology requests. This Initiative is detailed above.*
- Progress being made by the Executive Branch in solving the Year 2000 computer problem and other non-computer Year 2000 related problems.
- Costs related to the Year 2000 computer problem. The Department of Management estimates that the \$20.0 million (\$5.0 million FY 1997 supplemental appropriation and \$15.0 million in FY 1997 General Fund reversions appropriated to the Reversion Incentive Program Fund) allocated for Year 2000 will be sufficient to complete the required modifications.
- Efforts to insure interface with local and federal governments related to the Year 2000 computer problem.
- Legislation dealing with electronic commerce and digital signature.



Year 2000

- Review of the Budgeting for Results process being developed in the Executive Branch to make a recommendation to the General Assembly of the desirability of continued development of this approach as an alternative to the existing budgeting system, or modification of the current system to incorporate certain components of the Budgeting for Results format.
- The Subcommittee may also review various programs and policies of departments assigned to other Subcommittees, for the purpose of improving the efficiency and effectiveness of State government operations.

APPENDIX A



FY 1999 GENERAL FUND GOVERNOR'S RECOMMENDATIONS

GENERAL FUND APPROPRIATIONS

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
Admin. & Regulation	\$ 85,117,669	\$ 84,448,085	\$ 141,788,571	\$ 131,168,175	\$ 46,720,090	55.3%
Ag. & Natural Resources	47,035,277	48,885,600	56,021,569	49,955,591	1,069,991	2.2%
Economic Development	38,130,882	39,562,516	47,177,381	41,062,831	1,500,315	3.8%
Education	810,766,924	849,643,826	892,250,569	880,422,534	30,778,708	3.6%
Health & Human Rights	84,666,535	87,841,549	91,925,378	89,032,372	1,190,823	1.4%
Human Services	825,537,790	836,963,344	875,834,957	834,966,673	-1,996,671	-0.2%
Justice System	339,196,088	390,539,270	423,037,268	420,397,935	29,858,665	7.6%
Trans., Infra., & Capital	5,693,866	5,941,250	8,785,835	3,955,465	-1,985,785	-33.4%
Oversight & Communication	22,104,000	22,576,510	29,280,576	23,891,741	1,315,231	5.8%
Unassigned Standings	1,880,692,772	1,996,475,509	2,084,431,956	2,069,262,826	72,787,317	3.6%
	<u>\$ 4,138,941,803</u>	<u>\$ 4,362,877,459</u>	<u>\$ 4,650,534,060</u>	<u>\$ 4,544,116,143</u>	<u>\$ 181,238,684</u>	4.2%

Administration and Regulation Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Auditor Of State</u>						
Auditor - General Office	\$ 1,344,845	\$ 1,393,355	\$ 1,476,000	\$ 1,451,915	\$ 58,560	4.2%
<u>Ethics & Campaign Disc.</u>						
Campaign Finance	\$ 429,837	\$ 440,107	\$ 503,328	\$ 492,328	\$ 52,221	11.9%
<u>Commerce, Department Of</u>						
Commerce Administration	\$ 238,787	\$ 999,438	\$ 1,080,594	\$ 1,057,894	\$ 58,456	5.8%
Alcoholic Beverages Div.	1,861,410	1,536,754	1,549,104	1,543,045	6,291	0.4%
Banking Division	5,603,423	5,630,806	5,682,363	5,682,363	51,557	0.9%
Credit Union Division	1,098,891	1,092,832	1,107,729	1,107,729	14,897	1.4%
<u>Insurance Division</u>						
Insurance Division	3,048,591	3,163,305	3,780,779	3,734,721	571,416	18.1%
Physician Utiliz. Study	25,000	0	0	0	0	
Total Insurance Division	3,073,591	3,163,305	3,780,779	3,734,721	571,416	18.1%
Professional Lic. Div.	940,512	871,392	913,727	875,910	4,518	0.5%
<u>Utilities Division</u>						
Utilities Division	5,428,197	5,444,482	5,774,949	5,774,949	330,467	6.1%
Communications Services	0	100,000	0	0	-100,000	-100.0%
Total Utilities Division	5,428,197	5,544,482	5,774,949	5,774,949	230,467	4.2%
Total Commerce, Department Of	\$ 18,244,811	\$ 18,839,009	\$ 19,889,245	\$ 19,776,611	\$ 937,602	5.0%
<u>Legislative Branch</u>						
Uniform State Laws	\$ 22,741	\$ 23,350	\$ 24,055	\$ 24,055	\$ 705	3.0%
NCSL	91,427	94,922	94,922	94,922	0	0.0%
Amer Leg. Exchange Coun.	0	7,500	7,500	7,500	0	0.0%
Total Legislative Branch	\$ 114,168	\$ 125,772	\$ 126,477	\$ 126,477	\$ 705	0.6%

Administration and Regulation Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>General Services, Dept. Of</u>						
Gen. Services Admin.	\$ 1,218,689	\$ 1,945,585	\$ 4,469,601	\$ 1,834,878	\$ -110,707	-5.7%
Information Services Div.	5,706,871	0	0	0	0	
Utilities	2,236,542	2,148,942	2,577,024	2,344,489	195,547	9.1%
Rental Space	656,104	656,104	867,916	844,898	188,794	28.8%
Terrace Hill Operations	188,701	209,352	271,673	271,673	62,321	29.8%
Capitol Planning Comm.	2,000	2,000	2,000	2,000	0	0.0%
Property Management	4,088,835	4,303,755	5,086,689	4,393,534	89,779	2.1%
Total General Services, Dept. Of	\$ 14,097,742	\$ 9,265,738	\$ 13,274,903	\$ 9,691,472	\$ 425,734	4.6%
<u>Governor</u>						
General Office	\$ 1,194,608	\$ 1,267,473	\$ 1,282,348	\$ 1,282,348	\$ 14,875	1.2%
Admin. Rules Coordinator	115,958	131,928	135,047	135,047	3,119	2.4%
Terrace Hill Quarters	70,320	73,414	75,017	75,017	1,603	2.2%
Natl. Governor's Assoc.	62,435	64,872	66,200	66,200	1,328	2.0%
Gov. Transition Payout	0	0	65,000	65,000	65,000	
Gov. Transition Support	0	0	50,000	0	0	
Governor Elect Expense	0	0	25,000	25,000	25,000	
Total Governor	\$ 1,443,321	\$ 1,537,687	\$ 1,698,612	\$ 1,648,612	\$ 110,925	7.2%
<u>Inspections & Appeals, Dept. of</u>						
<u>Inspections & Appeals</u>						
Finance and Services Div.	\$ 509,931	\$ 530,078	\$ 536,695	\$ 536,695	\$ 6,617	1.2%
Audits Division	376,875	462,020	509,419	509,419	47,399	10.3%
Appeals and Fair Hearings	174,320	249,205	250,428	250,428	1,223	0.5%
Investigations Division	779,280	917,367	951,855	951,855	34,488	3.8%
Health Facilities Div.	1,817,003	2,042,194	2,050,961	2,050,961	8,767	0.4%
Inspections Division	617,418	660,132	617,150	617,150	-42,982	-6.5%
Employment Appeal Board	33,884	34,360	34,398	34,398	38	0.1%
Foster Care Review Board	551,912	571,339	573,811	573,811	2,472	0.4%
Poultry Show Exhibit	0	500	500	500	0	0.0%
Total Inspections & Appeals	4,860,623	5,467,195	5,525,217	5,525,217	58,022	1.1%

Administration and Regulation Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Inspections & Appeals (cont.)</u>						
Racing Commission						
Racetracks	1,915,846	2,051,690	2,067,328	2,067,328	15,638	0.8%
Excursion Boats	1,203,134	1,300,846	1,317,060	1,317,060	16,214	1.2%
Total Racing Commission	3,118,980	3,352,536	3,384,388	3,384,388	31,852	1.0%
Total Inspections & Appeals, Dept.	\$ 7,979,603	\$ 8,819,731	\$ 8,909,605	\$ 8,909,605	\$ 89,874	1.0%
<u>Management, Department Of</u>						
Management-General Office	\$ 2,132,068	\$ 1,966,504	\$ 2,179,957	\$ 2,177,543	\$ 211,039	10.7%
Salary Adjustment	0	114,744	44,255,284	44,255,284	44,140,540	38468.7%
Council of State Govts.	75,500	80,031	80,031	80,031	0	0.0%
Council On Human Invest.	0	190,093	0	0	-190,093	-100.0%
Law Enforcement Training	47,500	47,500	47,500	47,500	0	0.0%
Total Management, Department Of	\$ 2,255,068	\$ 2,398,872	\$ 46,562,772	\$ 46,560,358	\$ 44,161,486	1840.9%
<u>Personnel, Department Of</u>						
Operations	\$ 1,015,595	\$ 1,283,246	\$ 4,472,506	\$ 4,417,594	\$ 3,134,348	244.3%
Program Delivery Services	1,305,856	1,330,232	0	0	-1,330,232	-100.0%
Program Admin. & Develop.	1,528,594	1,615,762	0	0	-1,615,762	-100.0%
Workers' Compensation	5,884,740	5,884,740	6,528,400	5,884,740	0	0.0%
Total Personnel, Department Of	\$ 9,734,785	\$ 10,113,980	\$ 11,000,906	\$ 10,302,334	\$ 188,354	1.9%
<u>Revenue & Finance, Dept.</u>						
Compliance	\$ 10,965,995	\$ 10,551,261	\$ 10,974,171	\$ 10,585,161	\$ 33,900	0.3%
Internal Resources Mgmt.	6,095,373	6,249,275	7,311,398	6,866,632	617,357	9.9%
State Financial Mgmt.	9,911,566	10,916,497	16,261,548	10,980,931	64,434	0.6%
Collection Costs & Fees	42,478	45,000	45,000	45,000	0	0.0%
Collection Agencies Reimb	-851,833	0	0	0	0	
Total Revenue & Finance, Dept.	\$ 26,163,579	\$ 27,762,033	\$ 34,592,117	\$ 28,477,724	\$ 715,691	2.6%

Administration and Regulation Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Secretary Of State</u>						
Admin. & Elections	\$ 374,715	\$ 675,470	\$ 679,675	\$ 679,675	\$ 4,205	0.6%
Official Register Print	0	45,000	5,000	5,000	-40,000	-88.9%
Business Services	1,786,070	1,822,124	1,806,246	1,806,246	-15,878	-0.9%
Total Secretary Of State	\$ 2,160,785	\$ 2,542,594	\$ 2,490,921	\$ 2,490,921	\$ -51,673	-2.0%
<u>State-Federal Relations</u>						
General Office	\$ 246,531	\$ 255,658	\$ 257,460	\$ 257,460	\$ 1,802	0.7%
<u>Treasurer Of State</u>						
Treasurer-General Office	\$ 902,594	\$ 953,549	\$ 1,006,225	\$ 982,358	\$ 28,809	3.0%
Total Admin. & Regulation	\$ 85,117,669	\$ 84,448,085	\$ 141,788,571	\$ 131,168,175	\$ 46,720,090	55.3%
Operations	\$ 80,042,284	\$ 78,517,845	\$ 135,189,671	\$ 125,212,935	\$ 46,695,090	59.5%
Grant and Aid	\$ 5,884,740	\$ 5,884,740	\$ 6,528,400	\$ 5,884,740	\$ 0	0.0%
Standings	\$ -809,355	\$ 45,500	\$ 70,500	\$ 70,500	\$ 25,000	54.9%
	\$ 85,117,669	\$ 84,448,085	\$ 141,788,571	\$ 131,168,175	\$ 46,720,090	55.3%

Agriculture and Natural Resources Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
Ag. & Land Stewardship						
Administration Division						
Administrative Division	\$ 1,853,750	\$ 1,806,099	\$ 2,040,636	\$ 1,817,756	\$ 11,657	0.6%
Dairy Trade Prac.-Admin.	66,846	69,819	69,984	69,984	165	0.2%
Commercial Feed-Admin.	64,698	67,331	67,992	67,807	476	0.7%
Fertilizer - Admin.	64,697	67,331	67,992	67,807	476	0.7%
Total Administration Division	2,049,991	2,010,580	2,246,604	2,023,354	12,774	0.6%
Regulatory Division						
Regulatory Division	3,923,369	4,021,962	4,346,794	4,047,274	25,312	0.6%
Milk Fund - Regulatory	657,210	670,796	673,122	673,039	2,243	0.3%
Total Regulatory Division	4,580,579	4,692,758	5,019,916	4,720,313	27,555	0.6%
Laboratory Division						
Laboratory Division	869,979	853,444	923,139	997,161	143,717	16.8%
Commercial Feed - Lab.	758,361	781,190	787,906	787,906	6,716	0.9%
Pesticide - Laboratory	1,307,640	1,321,225	1,325,067	1,257,056	-64,169	-4.9%
Fertilizer - Laboratory	646,468	667,434	671,854	671,854	4,420	0.7%
Total Laboratory Division	3,582,448	3,623,293	3,707,966	3,713,977	90,684	2.5%
Soil Conservation Div.	6,110,299	6,410,145	7,527,152	6,516,736	106,591	1.7%
Agricultural Programs						
Soil Conserv. Cost Share	6,461,850	6,461,850	7,961,850	6,461,850	0	0.0%
Farmer's Market Coupon	216,314	216,573	289,815	258,995	42,422	19.6%
Pseudorabies Eradication	900,300	900,400	900,400	900,500	100	0.0%
Loess Hills Dev. & Cons.	0	0	400,000	0	0	
Total Agricultural Programs	7,578,464	7,578,823	9,552,065	7,621,345	42,522	0.6%
Total Ag. & Land Stewardship	\$ 23,901,781	\$ 24,315,599	\$ 28,053,703	\$ 24,595,725	\$ 280,126	1.2%

Agriculture and Natural Resources Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
Natural Resources, Dept. Of						
Administrative Services	\$ 2,046,871	\$ 2,053,064	\$ 2,055,715	\$ 2,055,715	\$ 2,651	0.1%
Parks & Preserves	5,678,408	5,971,364	5,993,308	5,993,308	21,944	0.4%
Forestry	1,542,486	1,639,497	1,653,846	1,653,846	14,349	0.9%
Energy & Geology	1,713,351	1,766,685	1,778,059	1,778,059	11,374	0.6%
Environmental Protection	1,947,069	2,984,080	3,346,627	3,738,627	754,547	25.3%
Water Quality Project	729,000	729,000	729,000	729,000	0	0.0%
Marine Fuel GF to Parks	411,311	411,311	411,311	411,311	0	0.0%
REAP Appropriation	9,000,000	9,000,000	12,000,000	9,000,000	0	0.0%
Brownfields - DNR	65,000	0	0	0	0	
Lewis & Clark Rural Wtr.	0	15,000	0	0	-15,000	-100.0%
Total Natural Resources, Dept. Of	<u>\$ 23,133,496</u>	<u>\$ 24,570,001</u>	<u>\$ 27,967,866</u>	<u>\$ 25,359,866</u>	<u>\$ 789,865</u>	3.2%
Total Ag. & Natural Resources	<u>\$ 47,035,277</u>	<u>\$ 48,885,600</u>	<u>\$ 56,021,569</u>	<u>\$ 49,955,591</u>	<u>\$ 1,069,991</u>	2.2%
Operations	\$ 30,673,127	\$ 32,508,350	\$ 34,759,319	\$ 33,593,241	\$ 1,084,891	3.3%
Grant and Aid	\$ 7,362,150	\$ 7,377,250	\$ 9,262,250	\$ 7,362,350	\$ -14,900	-0.2%
Standings	\$ 9,000,000	\$ 9,000,000	\$ 12,000,000	\$ 9,000,000	\$ 0	0.0%
	<u>\$ 47,035,277</u>	<u>\$ 48,885,600</u>	<u>\$ 56,021,569</u>	<u>\$ 49,955,591</u>	<u>\$ 1,069,991</u>	2.2%

Economic Development Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
Economic Dev., Dept. Of						
Administrative Services						
General Administration	\$ 1,438,574	\$ 1,486,857	\$ 1,552,074	\$ 1,497,074	\$ 10,217	0.7%
Film Office	200,703	231,286	258,632	253,632	22,346	9.7%
Total Administrative Services	1,639,277	1,718,143	1,810,706	1,750,706	32,563	1.9%
Business Development						
Business Development	3,906,883	3,934,560	4,422,849	4,042,849	108,289	2.8%
Small Business Program	508,532	445,463	552,252	452,252	6,789	1.5%
Procurement Office	98,157	102,862	106,124	106,124	3,262	3.2%
Strategic Investment Fund	6,719,842	6,803,513	7,256,774	6,806,774	3,261	0.0%
Total Business Development	11,233,414	11,286,398	12,337,999	11,407,999	121,601	1.1%
Community & Rural Devel.						
Community Assistance	584,648	600,070	654,547	654,547	54,477	9.1%
Mainstreet/Rural Main St.	416,113	424,315	427,429	427,429	3,114	0.7%
Community Develop Program	715,267	721,073	969,338	829,338	108,265	15.0%
Commun. Dev. Block Grant	408,507	418,292	422,719	422,719	4,427	1.1%
Housing Develop. Assist.	1,300,000	1,300,000	1,300,000	1,300,000	0	0.0%
Shelter Assistance Fund	0	400,000	400,000	400,000	0	0.0%
Total Community & Rural Devel.	3,424,535	3,863,750	4,174,033	4,034,033	170,283	4.4%
International Division						
International Trade	1,032,905	1,357,001	2,172,107	2,022,107	665,106	49.0%
Foreign Trade Offices	595,250	651,150	0	0	-651,150	-100.0%
Export Trade Asst. Prog.	275,000	425,000	425,000	425,000	0	0.0%
Ag. Prod. Ad. Council	1,300	1,300	1,300	1,300	0	0.0%
Total International Division	1,904,455	2,434,451	2,598,407	2,448,407	13,956	0.6%

Economic Development Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Economic Dev., Dept. Of (cont.)</u>						
Tourism Division						
Tourism Operations	833,255	783,868	5,040,732	5,040,732	4,256,864	543.1%
Tourism Advertising	2,737,000	4,127,000	0	0	-4,127,000	-100.0%
Welcome Center Program	100,000	0	0	0	0	
Total Tourism Division	3,670,255	4,910,868	5,040,732	5,040,732	129,864	2.6%
Housing Improvement Fund	400,000	0	0	0	0	
Partner State Program	100,000	112,500	112,500	125,000	12,500	11.1%
Total Economic Dev., Dept. Of	\$ 22,371,936	\$ 24,326,110	\$ 26,074,377	\$ 24,806,877	\$ 480,767	2.0%
<u>IA Workforce Development</u>						
Labor Serv.	\$ 2,791,292	\$ 2,891,533	\$ 3,286,986	\$ 2,959,693	\$ 68,160	2.4%
Industrial Serv.	2,157,326	2,323,726	2,390,927	2,390,927	67,201	2.9%
Workforce Dev. Coord.	142,154	121,929	202,729	106,929	-15,000	-12.3%
Occupational Wage System	176,567	68,794	65,354	65,354	-3,440	-5.0%
Workforce Dev. Initiative	275,000	0	0	0	0	
Mentoring	73,173	77,011	0	0	-77,011	-100.0%
Youth Conservation Corps	1,720,268	923,180	0	0	-923,180	-100.0%
Workforce Invest. Prog.	904,489	479,831	0	0	-479,831	-100.0%
Labor Management Councils	100,446	66,828	66,851	66,851	23	0.0%
IWD - Year 2000	0	0	3,127,000	0	0	
Strategic Recruitment	0	0	1,480,022	1,480,022	1,480,022	
Welfare To Work Match	0	0	2,068,791	888,633	888,633	
Total IA Workforce Development	\$ 8,340,715	\$ 6,952,832	\$ 12,688,660	\$ 7,958,409	\$ 1,005,577	14.5%
<u>Public Emp. Relations</u>						
General Office	\$ 799,934	\$ 851,894	\$ 857,844	\$ 857,844	\$ 5,950	0.7%

Economic Development Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
Regents, Board Of						
University of Iowa						
SUI Advanced Drug Devel.	\$ 324,582	\$ 261,234	\$ 262,433	\$ 262,199	\$ 965	0.4%
SUI Research Park	321,000	330,272	333,973	331,007	735	0.2%
Total University of Iowa	645,582	591,506	596,406	593,206	1,700	0.3%
Iowa State University						
ISU Small Bus. Center	1,222,661	1,234,113	1,260,186	1,235,880	1,767	0.1%
ISU Research Park	370,000	376,500	379,482	376,500	0	0.0%
Institute for Phys. Res.	4,220,054	4,374,904	4,415,769	4,379,458	4,554	0.1%
Total Iowa State University	5,812,715	5,985,517	6,055,437	5,991,838	6,321	0.1%
Univ. of Northern Iowa						
UNI Metal Casting	160,000	166,349	166,349	166,349	0	0.0%
Decision Making Institute	0	688,308	738,308	688,308	0	0.0%
Total Univ. of Northern Iowa	160,000	854,657	904,657	854,657	0	0.0%
Total Regents, Board Of	\$ 6,618,297	\$ 7,431,680	\$ 7,556,500	\$ 7,439,701	\$ 8,021	0.1%
Total Economic Development	\$ 38,130,882	\$ 39,562,516	\$ 47,177,381	\$ 41,062,831	\$ 1,500,315	3.8%
Operations	\$ 37,722,375	\$ 39,144,224	\$ 46,754,662	\$ 40,640,112	\$ 1,495,888	3.8%
Grant and Aid	\$ 408,507	\$ 418,292	\$ 422,719	\$ 422,719	\$ 4,427	1.1%
	\$ 38,130,882	\$ 39,562,516	\$ 47,177,381	\$ 41,062,831	\$ 1,500,315	3.8%

Education Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>College Student Aid Comm.</u>						
Operations and Loan Prog:						
Scholarship & Grant Ad.	\$ 351,782	\$ 318,429	\$ 334,722	\$ 321,786	\$ 3,357	1.1%
Osteopathic Univ - Loans	379,260	379,260	379,260	379,260	0	0.0%
Osteopathic - Prim. Care	395,000	395,000	455,000	395,000	0	0.0%
Student Aid Programs	1,397,790	1,397,790	1,600,000	1,161,850	-235,940	-16.9%
Nation Guard Assistance	0	625,000	936,000	1,042,800	417,800	66.8%
Chiropractic Loan Repay.	0	70,000	71,400	71,400	1,400	2.0%
Forgivable Loans/Teachers	0	0	0	250,000	250,000	
Total Operations and Loan Prog.	2,523,832	3,185,479	3,776,382	3,622,096	436,617	13.7%
Standing Loan & Grant Prg						
Tuition Grant Standing	38,664,750	41,664,750	45,288,000	44,664,750	3,000,000	7.2%
Scholarship Prog. Stand.	474,800	474,800	474,800	474,800	0	0.0%
Voc. Tech. Grant Standing	1,608,257	1,608,257	1,978,070	2,044,197	435,940	27.1%
Work-Study Prog. Standing	2,950,000	2,950,000	2,950,000	2,950,000	0	0.0%
Total Standing Loan & Grant Prg	43,697,807	46,697,807	50,690,870	50,133,747	3,435,940	7.4%
Total College Student Aid Comm.	\$ 46,221,639	\$ 49,883,286	\$ 54,467,252	\$ 53,755,843	\$ 3,872,557	7.8%
<u>Cultural Affairs, Dept. Of</u>						
Iowa Arts Council	\$ 1,092,167	\$ 1,178,615	\$ 1,490,115	\$ 1,278,615	\$ 100,000	8.5%
State Historical Society	2,697,974	2,895,137	3,296,601	3,103,788	208,651	7.2%
Historical Sites	389,044	537,040	602,040	587,040	50,000	9.3%
Cultural Affairs - Admin.	254,144	230,204	270,571	230,571	367	0.2%
Cultural Grants	708,300	711,545	711,757	711,757	212	0.0%
Total Cultural Affairs, Dept. Of	\$ 5,141,629	\$ 5,552,541	\$ 6,371,084	\$ 5,911,771	\$ 359,230	6.5%

Education Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
Education, Department Of						
Administration						
DE Administration	\$ 5,494,090	\$ 5,587,537	\$ 5,610,526	\$ 5,610,526	\$ 22,989	0.4%
Vocational Ed. Admin.	666,210	547,341	548,350	548,350	1,009	0.2%
Board of Ed. Examiners	196,161	201,973	698,965	201,973	0	0.0%
Vocational Rehab.	4,148,138	4,434,702	4,458,972	4,458,972	24,270	0.5%
Independent Living	75,402	75,631	75,631	75,631	0	0.0%
State Library	2,811,896	2,765,682	3,209,157	2,891,218	125,536	4.5%
Regional Library System	1,537,000	1,537,000	1,692,000	1,537,000	0	0.0%
Iowa Public Television	7,178,982	7,383,763	10,088,960	7,402,927	19,164	0.3%
Center For Assessment	200,000	0	0	0	0	
Natl. Assess. Ed. Prog.	0	0	50,000	50,000	50,000	
Rehab. Donated Computers	0	50,000	50,000	50,000	0	0.0%
LACES-Local Arts	0	25,000	25,000	25,000	0	0.0%
Career Pathways Program	650,000	0	0	0	0	
Total Administration	22,957,879	22,608,629	26,507,561	22,851,597	242,968	1.1%
Grants & State Aid						
Vocational Ed. Secondary	3,308,850	3,308,850	3,308,850	3,308,850	0	0.0%
School Food Service	2,716,859	2,716,859	2,716,859	2,716,859	0	0.0%
Textbook Nonpublic	616,000	616,000	616,000	700,000	84,000	13.6%
Voc Ed. Youth Org.	107,900	107,900	107,900	107,900	0	0.0%
Family Resource Centers	120,000	120,000	120,000	120,000	0	0.0%
Reading Recovery	0	50,000	200,000	200,000	150,000	300.0%
Child Devel. - Additional	0	190,000	0	0	-190,000	-100.0%
Math & Science Coalition	0	50,000	50,000	50,000	0	0.0%
Elect. Data Interchange	0	0	1,500,000	0	0	
Induction/Internships	0	0	0	300,000	300,000	
Meritorious Recognition	0	0	0	9,360,500	9,360,500	
Teacher Assistance	0	0	0	675,000	675,000	
Extended School Year	0	0	0	2,000,000	2,000,000	

Education Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Education, Department Of (cont.)</u>						
Grants & State Aid (cont.)						
Early Childhood Grants	0	0	0	5,200,000	5,200,000	
Food, Fiber, & Environ.	0	0	0	300,000	300,000	
Total Grants & State Aid	6,869,609	7,159,609	8,619,609	25,039,109	17,879,500	249.7%
Community College Gen Aid	126,006,270	130,582,051	130,582,051	133,582,051	3,000,000	2.3%
Total Education, Department Of	\$ 155,833,758	\$ 160,350,289	\$ 165,709,221	\$ 181,472,757	\$ 21,122,468	13.2%
<u>Regents, Board Of</u>						
Board Office Operations						
Regents Board Office	\$ 1,178,970	\$ 1,187,726	\$ 1,194,908	\$ 1,188,254	\$ 528	0.0%
Tuition Replacement	26,984,350	27,786,234	27,720,874	27,868,702	82,468	0.3%
Southwest Iowa Grad. Cnt.	106,109	108,562	109,197	108,562	0	0.0%
Tri State Graduate Center	76,778	79,198	80,046	79,198	0	0.0%
Quad Cities Graduate Cnt.	158,230	162,570	163,969	162,570	0	0.0%
Lakeside Laboratory	0	0	25,000	0	0	
Century Date Change	0	0	1,483,500	0	0	
Regents Technology Innov.	0	0	10,120,000	0	0	
Performance Standards/Lic	0	0	0	1,500,000	1,500,000	
Total Board Office Operations	28,504,437	29,324,290	40,897,494	30,907,286	1,582,996	5.4%
University of Iowa						
Univ. of Iowa - General	211,495,682	223,672,433	232,037,147	225,402,397	1,729,964	0.8%
SUI Indigent Patient	30,114,593	30,965,308	31,366,081	31,018,671	53,363	0.2%
SUI Psychiatric Hospital	7,434,713	7,701,795	7,752,301	7,715,297	13,502	0.2%
SUI Hospital School	6,176,681	6,486,882	6,540,650	6,511,712	24,830	0.4%
SUI Oakdale Campus	2,956,617	3,029,145	3,081,837	3,036,711	7,566	0.2%
SUI Hygienic Lab	3,464,289	3,663,374	3,710,433	3,683,664	20,290	0.6%
SUI Family Practice Prog.	2,139,433	2,224,308	2,227,647	2,225,663	1,355	0.1%

Education Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
SUI Spec. Child Health	489,958	520,084	520,872	520,184	100	0.0%
<u>Regents, Board Of (cont.)</u>						
University of Iowa (cont.)						
SUI Ag. Health and Safety	259,695	265,981	268,657	266,191	210	0.1%
SUI Cancer Registry	199,246	205,044	208,806	206,084	1,040	0.5%
SUI Sub. Abuse Consortium	66,561	69,241	69,357	69,241	0	0.0%
SUI Cntr. - Biocatalysis	1,038,903	1,055,863	1,056,551	1,040,426	-15,437	-1.5%
SUI Driving Simulator	617,569	630,165	639,865	631,115	950	0.2%
SUI Primary Health Care	800,600	831,326	832,248	831,776	450	0.1%
SUI Birth Defects Regist.	0	0	50,000	50,000	50,000	
Institute For The Elderly	0	0	336,000	0	0	
Total University of Iowa	267,254,540	281,320,949	290,698,452	283,209,132	1,888,183	0.7%
Iowa State University						
Iowa State Univ.-General	167,725,390	177,639,007	183,957,784	177,823,124	184,117	0.1%
ISU Ag. Experiment	32,744,890	33,843,194	34,000,755	33,859,639	16,445	0.0%
ISU Coop Extension	19,990,551	20,675,180	22,045,770	21,596,852	921,672	4.5%
ISU Leopold Center	563,573	572,401	576,359	573,488	1,087	0.2%
World Food Prize	0	0	0	250,000	250,000	
ISU Livestock Disease	276,164	276,729	279,774	276,729	0	0.0%
Total Iowa State University	221,300,568	233,006,511	240,860,442	234,379,832	1,373,321	0.6%
Univ. of Northern Iowa						
UNI - General	75,508,088	78,748,825	81,578,791	79,268,141	519,316	0.7%
UNI Recycl./Reuse Cntr.	239,745	240,622	240,622	240,622	0	0.0%
Total Univ. of Northern Iowa	75,747,833	78,989,447	81,819,413	79,508,763	519,316	0.7%

Education Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Regents, Board Of (cont.)</u>						
Special Schools						
Iowa School for the Deaf	6,904,360	7,191,261	7,366,354	7,230,884	39,623	0.6%
Iowa Braille & Sight Sch.	3,846,356	4,008,852	4,043,916	4,029,325	20,473	0.5%
Tuition & Transportation	11,804	16,400	16,941	16,941	541	3.3%
Total Special Schools	10,762,520	11,216,513	11,427,211	11,277,150	60,637	0.5%
Total Regents, Board Of	\$ 603,569,898	\$ 633,857,710	\$ 665,703,012	\$ 639,282,163	\$ 5,424,453	0.9%
Total Education	\$ 810,766,924	\$ 849,643,826	\$ 892,250,569	\$ 880,422,534	\$ 30,778,708	3.6%
Operations	\$ 632,129,088	\$ 663,235,209	\$ 701,585,279	\$ 687,728,517	\$ 24,493,308	3.7%
Grant and Aid	\$ 134,940,029	\$ 139,710,810	\$ 139,974,420	\$ 142,560,270	\$ 2,849,460	2.0%
Standings	\$ 43,697,807	\$ 46,697,807	\$ 50,690,870	\$ 50,133,747	\$ 3,435,940	7.4%
	\$ 810,766,924	\$ 849,643,826	\$ 892,250,569	\$ 880,422,534	\$ 30,778,708	3.6%

Health and Human Rights Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Blind, Department of the</u>						
Department for the Blind	\$ 1,490,235	\$ 1,521,371	\$ 1,581,380	\$ 1,581,380	\$ 60,009	3.9%
<u>Civil Rights Commission</u>						
General Office	\$ 1,177,919	\$ 1,154,368	\$ 1,154,368	\$ 1,154,368	\$ 0	0.0%
<u>Elder Affairs, Dept. Of</u>						
State Administration	\$ 471,782	\$ 539,214	\$ 599,029	\$ 546,664	\$ 7,450	1.4%
Aging Programs & Services	3,076,528	3,657,598	4,467,598	4,157,598	500,000	13.7%
Total Elder Affairs, Dept. Of	\$ 3,548,310	\$ 4,196,812	\$ 5,066,627	\$ 4,704,262	\$ 507,450	12.1%
<u>Gov. Alliance on Subst.</u>						
Drug Enf. Ab. Prev. Coord.	\$ 309,505	\$ 410,296	\$ 419,745	\$ 419,745	\$ 9,449	2.3%
Cedar Rapids Subs. Abs.	32,894	32,894	32,894	32,894	0	0.0%
Total Gov. Alliance on Subst.	\$ 342,399	\$ 443,190	\$ 452,639	\$ 452,639	\$ 9,449	2.1%
<u>Health, Dept. Of Public</u>						
Planning & Administration	\$ 2,250,218	\$ 1,939,653	\$ 2,448,346	\$ 1,948,346	\$ 8,693	0.4%
Professional Licensure	893,321	1,009,896	1,108,819	1,108,819	98,923	9.8%
PRIMECARRE	235,000	235,000	235,000	235,000	0	0.0%
Emergency Medical Service	1,030,536	1,037,225	1,117,914	1,039,914	2,689	0.3%
Health Protection	2,191,780	2,249,110	2,738,326	2,256,326	7,216	0.3%
Sub. Abuse & Hlth. Promo.	651,733	689,126	693,489	693,489	4,363	0.6%
Sub. Abuse Prog. Grants.	7,990,159	8,390,159	8,390,159	8,390,159	0	0.0%
Family & Community Health	3,454,599	3,474,448	3,596,535	3,496,535	22,087	0.6%
Physician Care for Kids	411,187	411,187	411,187	411,187	0	0.0%
Primary & Prevent. Health	75,000	75,000	75,000	75,000	0	0.0%
Healthy Family Program	952,000	952,000	1,182,000	952,000	0	0.0%
Minor Parent Dec. Making	0	33,134	33,254	33,254	120	0.4%
SIDS Autopsies	9,675	9,675	9,675	9,675	0	0.0%

Health and Human Rights Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Health, Dept. Of Public (cont.)</u>						
Dental Examiners	315,500	307,360	318,037	297,504	-9,856	-3.2%
Medical Examiners	1,066,757	1,218,790	1,252,782	1,222,782	3,992	0.3%
Nursing Examiners	1,006,116	1,045,417	1,048,825	1,048,825	3,408	0.3%
Pharmacy Examiners	694,938	757,740	835,679	752,697	-5,043	-0.7%
Single County Contracts	11,683,924	11,683,924	11,683,924	11,683,924	0	0.0%
Total Health, Dept. Of Public	\$ 34,912,443	\$ 35,518,844	\$ 37,178,951	\$ 35,655,436	\$ 136,592	0.4%
<u>Human Rights, Dept. Of</u>						
Central Administration	\$ 193,425	\$ 205,391	\$ 296,344	\$ 224,042	\$ 18,651	9.1%
Community Action Agencies	3,366	0	0	0	0	
Deaf Services	257,986	303,229	318,957	318,957	15,728	5.2%
Persons With Disabilities	99,183	101,354	119,357	109,876	8,522	8.4%
Latino Affairs	142,442	144,083	153,622	153,622	9,539	6.6%
Status of Women	327,061	335,112	461,579	335,804	692	0.2%
Status of African Am.	105,390	115,662	121,375	121,375	5,713	4.9%
Criminal & Juvenile Just.	385,099	397,633	397,633	397,633	0	0.0%
Community Grant Fund	1,600,494	1,600,494	1,794,000	1,600,494	0	0.0%
Total Human Rights, Dept. Of	\$ 3,114,446	\$ 3,202,958	\$ 3,662,867	\$ 3,261,803	\$ 58,845	1.8%
<u>Veterans Affairs, Comm.</u>						
Vet. Affairs Admin.	\$ 291,063	\$ 300,613	\$ 269,657	\$ 269,657	\$ -30,956	-10.3%
War Orphans Ed. Fund	4,800	4,800	6,000	6,000	1,200	25.0%
Iowa Veterans Home	39,784,920	41,498,593	42,552,889	41,946,827	448,234	1.1%
Total Veterans Affairs, Comm.	\$ 40,080,783	\$ 41,804,006	\$ 42,828,546	\$ 42,222,484	\$ 418,478	1.0%
Total Health & Human Rights	\$ 84,666,535	\$ 87,841,549	\$ 91,925,378	\$ 89,032,372	\$ 1,190,823	1.4%
Operations	\$ 59,197,726	\$ 61,384,981	\$ 64,346,921	\$ 62,071,915	\$ 686,934	1.1%
Grant and Aid	\$ 25,468,809	\$ 26,456,568	\$ 27,578,457	\$ 26,960,457	\$ 503,889	1.9%
	\$ 84,666,535	\$ 87,841,549	\$ 91,925,378	\$ 89,032,372	\$ 1,190,823	1.4%

Human Services Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
Human Services, Dept. Of						
MHI Civil Commitment Unit	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 500,000	
Residential Care Facility	1,300,000	0	0	0	0	
Sheltered Workshop 1% Inc.	0	160,000	0	0	-160,000	-100.0%
MH Property Tax Relief	78,000,000	95,000,000	95,000,000	95,000,000	0	0.0%
MH Property Tax Growth	0	6,163,211	12,504,538	12,504,538	6,341,327	102.9%
Total Human Services, Dept. Of	79,300,000	101,323,211	107,504,538	108,004,538	6,681,327	6.6%
Economic Assistance						
Family Invest. Prog./P.J.	16,683,536	9,060,000	33,517,000	31,431,313	22,371,313	246.9%
Emergency Assistance	1,967,500	1,967,000	10,000	10,000	-1,957,000	-99.5%
Promise Jobs	12,601,592	0	0	0	0	
Child Support Recoveries	6,572,906	6,732,885	10,630,622	9,379,483	2,646,598	39.3%
Total Economic Assistance	37,825,534	17,759,885	44,157,622	40,820,796	23,060,911	129.8%
Medical Services						
Medical Assistance	366,687,988	381,789,000	384,306,388	385,872,553	4,083,553	1.1%
Medical Contracts	6,811,400	7,700,000	7,479,800	7,462,900	-237,100	-3.1%
State Supplementary Asst.	19,190,000	19,190,000	20,556,500	19,537,200	347,200	1.8%
State Child Health Ins.	0	0	11,218,143	7,000,000	7,000,000	
Health Insurance Premium	0	390,000	392,063	392,063	2,063	0.5%
Total Medical Services	392,689,388	409,069,000	423,952,894	420,264,716	11,195,716	2.7%
Serv. Adult, Child,Family						
Child Care Services	13,271,301	13,740,000	8,740,000	8,740,000	-5,000,000	-36.4%
Toledo Juvenile Home	5,134,758	5,319,382	6,062,334	6,022,334	702,952	13.2%
Eldora Training School	8,760,527	8,976,590	9,481,148	9,454,148	477,558	5.3%
Child and Family Serv.	95,907,604	111,084,000	97,414,975	96,779,133	-14,304,867	-12.9%
Community Based Services	2,636,643	2,272,417	1,008,573	1,008,573	-1,263,844	-55.6%
Ct. Ordered Ser. Juvenile	3,090,000	3,290,000	3,290,000	3,290,000	0	0.0%
Family Support Subsidy	1,344,000	1,670,000	1,710,072	1,710,072	40,072	2.4%
Total Serv. Adult, Child,Family	130,144,833	146,352,389	127,707,102	127,004,260	-19,348,129	-13.2%

Human Services Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Human Services, Dept. Of (cont.)</u>						
Serving MH/MR/DD/BI						
Cherokee MHI	13,419,067	13,681,189	13,173,926	13,113,926	-567,263	-4.1%
Clarinda MHI	6,505,046	6,546,773	8,148,776	6,935,530	388,757	5.9%
Independence MHI	17,130,523	17,764,243	18,298,594	17,778,594	14,351	0.1%
Mt Pleasant MHI	4,777,360	4,959,508	6,674,516	5,021,821	62,313	1.3%
Glenwood SHS	35,648,608	3,051,534	2,275,512	2,401,433	-650,101	-21.3%
Woodward SHS	27,217,991	27,255,709	27,551,064	1,684,390	-25,571,319	-93.8%
MH/MR/DD Special Services	121,220	121,220	121,220	121,220	0	0.0%
DD Special Needs Grants	53,212	53,212	53,212	53,212	0	0.0%
Personal Assistance	364,000	364,000	364,000	364,000	0	0.0%
State Cases	5,454,000	6,910,000	9,237,500	8,720,500	1,810,500	26.2%
Community MH/MR Fund	16,424,057	17,400,000	17,560,000	17,560,000	160,000	0.9%
Connors Training	0	46,000	46,000	46,000	0	0.0%
Total Serving MH/MR/DD/BI	127,115,084	98,153,388	103,504,320	73,800,626	-24,352,762	-24.8%
DHS Administration						
Field Operations	45,795,110	49,583,176	53,314,990	49,817,842	234,666	0.5%
General Administration	12,568,941	14,623,395	15,574,927	15,135,331	511,936	3.5%
Volunteers	98,900	98,900	118,564	118,564	19,664	19.9%
Total DHS Administration	58,462,951	64,305,471	69,008,481	65,071,737	766,266	1.2%
Total Human Services	\$ 825,537,790	\$ 836,963,344	\$ 875,834,957	\$ 834,966,673	\$ -1,996,671	-0.2%
Operations	\$ 184,830,837	\$ 158,494,384	\$ 171,186,409	\$ 137,244,832	\$ -21,249,552	-13.4%
Grant and Aid	\$ 562,706,953	\$ 583,468,960	\$ 609,648,548	\$ 602,721,841	\$ 19,252,881	3.3%
Standings	\$ 78,000,000	\$ 95,000,000	\$ 95,000,000	\$ 95,000,000	\$ 0	0.0%
	\$ 825,537,790	\$ 836,963,344	\$ 875,834,957	\$ 834,966,673	\$ -1,996,671	-0.2%

Justice System Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Attorney General</u>						
General Office A.G.	\$ 6,034,364	\$ 7,250,033	\$ 7,716,328	\$ 7,716,328	\$ 466,295	6.4%
Pros. Attor. Training	257,429	282,516	285,895	285,895	3,379	1.2%
Victim Assistance Grants	1,834,806	1,759,806	2,023,777	1,759,806	0	0.0%
Area GASA Pros. Attorney	116,103	126,728	128,302	128,302	1,574	1.2%
Legal Serv. Poverty Grt.	950,000	500,000	1,050,000	0	-500,000	-100.0%
Consumer Advocate	2,587,469	2,639,441	2,539,420	2,539,420	-100,021	-3.8%
Total Attorney General	\$ 11,780,171	\$ 12,558,524	\$ 13,743,722	\$ 12,429,751	\$ -128,773	-1.0%
<u>Corrections, Dept. Of</u>						
Corr. - Institutions						
Ft. Madison Inst.	\$ 26,812,470	\$ 28,304,773	\$ 33,601,110	\$ 28,061,390	\$ -243,383	-0.9%
Anamosa Inst.	20,307,143	21,399,242	21,516,625	22,636,866	1,237,624	5.8%
Oakdale Inst.	16,685,651	17,783,715	17,895,663	18,687,899	904,184	5.1%
Newton Inst.	10,422,323	19,652,615	21,153,946	20,712,946	1,060,331	5.4%
Mt. Pleasant Inst.	14,970,369	15,507,451	15,713,056	18,146,244	2,638,793	17.0%
Rockwell City Inst.	5,790,000	6,145,633	6,185,462	6,268,795	123,162	2.0%
Clarinda Inst.	14,748,073	15,768,896	15,856,995	16,488,767	719,871	4.6%
Mitchellville Inst.	6,608,013	7,340,002	7,415,787	7,712,391	372,389	5.1%
Ft. Dodge Inst.	0	9,659,971	15,508,340	15,309,603	5,649,632	58.5%
Total Corr. - Institutions	116,344,042	141,562,298	154,846,984	154,024,901	12,462,603	8.8%
Corr. - Central Office						
Central Office	2,432,810	2,117,990	2,196,213	2,196,213	78,223	3.7%
Hard Labor CO.'s	791,488	0	0	0	0	
Training Center	462,152	468,758	471,689	471,689	2,931	0.6%
County Confinement	237,038	524,038	524,038	524,038	0	0.0%
Fed. Prisoners/Contract	341,334	341,334	341,334	341,334	0	0.0%
Corr. Expansion-Phase I	625,860	625,860	625,860	0	-625,860	-100.0%
Corr. Expansion-Phase II	0	3,186,275	3,185,265	3,185,265	-1,010	0.0%

Justice System Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Corrections, Dept. Of (cont.)</u>						
Corr. - Central Office (cont.)						
Corrections Education	2,350,600	2,950,600	2,950,600	2,950,600	0	0.0%
UNI-Criminal Justice Prog	175,000	0	0	0	0	
Hormone Treatment	0	0	0	500,000	500,000	
Total Corr. - Central Office	7,416,282	10,214,855	10,294,999	10,169,139	-45,716	-0.4%
CBC Districts						
CBC District I	7,165,704	7,460,996	7,535,913	7,576,323	115,327	1.5%
CBC District II	5,720,037	5,911,339	5,981,067	6,021,136	109,797	1.9%
CBC District III	3,436,383	3,563,143	3,592,858	3,659,888	96,745	2.7%
CBC District IV	2,598,278	2,756,929	2,788,959	2,788,959	32,030	1.2%
CBC District V	9,332,602	9,632,302	10,659,200	10,756,056	1,123,754	11.7%
CBC District VI	7,247,843	7,541,595	7,656,956	7,784,320	242,725	3.2%
CBC District VII	4,582,676	4,759,928	4,780,562	4,799,057	39,129	0.8%
CBC District VIII	4,197,109	4,413,034	4,442,326	4,485,253	72,219	1.6%
CBC Statewide	83,576	83,576	83,576	83,576	0	0.0%
Total CBC Districts	44,364,208	46,122,842	47,521,417	47,954,568	1,831,726	4.0%
Total Corrections, Dept. Of	\$ 168,124,532	\$ 197,899,995	\$ 212,663,400	\$ 212,148,608	\$ 14,248,613	7.2%
<u>Inspections & Appeals</u>						
Public Defender	\$ 11,022,169	\$ 12,723,130	\$ 12,771,096	\$ 12,768,496	\$ 45,366	0.4%
Indigent Defense Approp.	17,475,074	20,786,516	20,786,516	20,912,289	125,773	0.6%
Total Inspections & Appeals	\$ 28,497,243	\$ 33,509,646	\$ 33,557,612	\$ 33,680,785	\$ 171,139	0.5%
<u>Judicial Branch</u>						
Judicial Branch	\$ 92,466,788	\$ 97,519,356	\$ 102,818,908	\$ 102,818,908	\$ 5,299,552	5.4%
Juv. Vict. Restitution	155,396	155,396	183,471	183,471	28,075	18.1%
Judicial Retirement	3,726,422	3,806,457	3,944,059	3,944,059	137,602	3.6%
Total Judicial Branch	\$ 96,348,606	\$ 101,481,209	\$ 106,946,438	\$ 106,946,438	\$ 5,465,229	5.4%

Justice System Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Law Enforcement Academy</u>						
ILEA Operations	\$ 1,097,687	\$ 1,195,245	\$ 1,326,478	\$ 1,199,978	\$ 4,733	0.4%
ILEA D.A.R.E. Coord.	30,000	30,000	0	0	-30,000	-100.0%
Total Law Enforcement Academy	\$ 1,127,687	\$ 1,225,245	\$ 1,326,478	\$ 1,199,978	\$ -25,267	-2.1%
<u>Parole, Board Of</u>						
Parole Board	\$ 851,841	\$ 956,625	\$ 971,022	\$ 986,022	\$ 29,397	3.1%
<u>Public Defense, Dept. Of</u>						
Military Division	\$ 3,963,720	\$ 4,428,945	\$ 4,563,396	\$ 4,446,396	\$ 17,451	0.4%
Emergency Mgmt. Div.	535,541	606,790	609,678	609,678	2,888	0.5%
Snow Disaster Grants	100,000	0	0	0	0	
Total Public Defense, Dept. Of	\$ 4,599,261	\$ 5,035,735	\$ 5,173,074	\$ 5,056,074	\$ 20,339	0.4%
<u>Public Safety, Dept. Of</u>						
Administration	\$ 2,211,280	\$ 2,380,382	\$ 2,391,481	\$ 2,391,481	\$ 11,099	0.5%
Investigation, DCI	9,826,337	10,323,612	11,829,026	11,449,991	1,126,379	10.9%
Narcotics Enforce.	2,559,490	2,631,475	2,794,336	2,794,336	162,861	6.2%
Undercover Funds	139,202	139,202	139,202	139,202	0	0.0%
Fire Marshal	1,508,075	1,556,797	1,571,422	1,571,422	14,625	0.9%
Capitol Security	1,232,779	1,274,051	1,297,452	1,297,452	23,401	1.8%
AFIS System Maintenance	0	233,265	244,930	244,930	11,665	5.0%
Fire Fighter Training	875,000	548,792	875,000	548,792	0	0.0%
Medical Examiner	337,289	353,049	357,036	357,036	3,987	1.1%
Iowa State Patrol	9,177,295	18,431,666	27,155,637	27,155,637	8,723,971	47.3%
Total Public Safety, Dept. Of	\$ 27,866,747	\$ 37,872,291	\$ 48,655,522	\$ 47,950,279	\$ 10,077,988	26.6%
Total Justice System	\$ 339,196,088	\$ 390,539,270	\$ 423,037,268	\$ 420,397,935	\$ 29,858,665	7.6%
Operations	\$ 291,277,754	\$ 340,941,790	\$ 372,041,213	\$ 368,468,729	\$ 27,526,939	8.1%
Grant and Aid	\$ 47,918,334	\$ 49,597,480	\$ 50,996,055	\$ 51,929,206	\$ 2,331,726	4.7%
	\$ 339,196,088	\$ 390,539,270	\$ 423,037,268	\$ 420,397,935	\$ 29,858,665	7.6%

Transportation, Infrastructure, and Capitals Subcommittee

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Blind Capitals, Dept. For</u>						
Dept. For The Blind Cap.	\$ 0	\$ 0	\$ 65,000	\$ 0	\$ 0	
<u>Transportation, Dept. Of</u>						
Rail Projects	\$ 1,229,000	\$ 1,415,000	\$ 1,190,000	\$ 1,190,000	\$ -225,000	-15.9%
State Aviation Approp.	2,400,000	2,472,000	2,500,000	2,500,000	28,000	1.1%
Planning & Programming	264,866	254,250	265,465	265,465	11,215	4.4%
Total Transportation, Dept. Of	\$ 3,893,866	\$ 4,141,250	\$ 3,955,465	\$ 3,955,465	\$ -185,785	-4.5%
<u>Natural Resources Capital</u>						
GF-Marine Fuel Tax Cap.	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 0	\$ -1,800,000	-100.0%
<u>Judicial Branch Capitals</u>						
Judicial Capitals	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 0	
<u>Veterans Affairs Capitals</u>						
Veterans Affairs Capitals	\$ 0	\$ 0	\$ 2,715,370	\$ 0	\$ 0	
Total Trans., Infra., & Capital	\$ 5,693,866	\$ 5,941,250	\$ 8,785,835	\$ 3,955,465	\$ -1,985,785	-33.4%
Operations	\$ 264,866	\$ 254,250	\$ 265,465	\$ 265,465	\$ 11,215	4.4%
Grant and Aid	\$ 3,629,000	\$ 3,887,000	\$ 3,690,000	\$ 3,690,000	\$ -197,000	-5.1%
Capitals	\$ 1,800,000	\$ 1,800,000	\$ 4,830,370	\$ 0	\$ -1,800,000	-100.0%
	\$ 5,693,866	\$ 5,941,250	\$ 8,785,835	\$ 3,955,465	\$ -1,985,785	-33.4%

Oversight and Communications Subcommittee

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Education, Department Of</u>						
IPTV-Regional Councils	\$ 1,950,000	\$ 2,200,000	\$ 3,227,094	\$ 2,312,853	\$ 112,853	5.1%
<u>General Services, Dept. Of</u>						
ITS Operations	\$ 0	\$ 4,851,754	\$ 4,851,754	\$ 4,851,754	\$ 0	0.0%
Century Date Change	5,000,000	0	0	0	0	
Total General Services, Dept. Of	\$ 5,000,000	\$ 4,851,754	\$ 4,851,754	\$ 4,851,754	\$ 0	0.0%
<u>IA Telecommun & Tech.</u>						
Video Subsidization	\$ 2,400,000	\$ 3,010,000	\$ 8,419,728	\$ 3,945,134	\$ 935,134	31.1%
<u>Treasurer Of State</u>						
Network Debt Service	\$ 12,754,000	\$ 12,514,756	\$ 12,782,000	\$ 12,782,000	\$ 267,244	2.1%
Total Oversight & Communication	\$ 22,104,000	\$ 22,576,510	\$ 29,280,576	\$ 23,891,741	\$ 1,315,231	5.8%
Operations	\$ 22,104,000	\$ 22,576,510	\$ 29,280,576	\$ 23,891,741	\$ 1,315,231	5.8%
	<u>\$ 22,104,000</u>	<u>\$ 22,576,510</u>	<u>\$ 29,280,576</u>	<u>\$ 23,891,741</u>	<u>\$ 1,315,231</u>	<u>5.8%</u>

Unassigned Standings Appropriations

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Corrections, Dept. Of</u>						
State Cases - Stdg.	\$ 0	\$ 66,370	\$ 66,370	\$ 66,370	\$ 0	0.0%
<u>Education, Department Of</u>						
Education, Dept. Of						
Trans. - Nonpublic Pupils	\$ 7,415,523	\$ 7,900,000	\$ 8,400,000	\$ 7,900,000	\$ 0	0.0%
Child Development	14,520,000	15,170,000	20,560,000	15,360,000	190,000	1.3%
Educational Excellence	80,981,336	80,981,336	80,981,336	82,991,336	2,010,000	2.5%
Instructional Support	14,798,222	14,798,227	14,798,227	14,798,227	0	0.0%
School Foundation Aid	1,489,465,275	1,558,212,421	1,631,512,421	1,621,112,506	62,900,085	4.0%
School Improv./Technology	15,000,000	30,000,000	30,000,000	30,000,000	0	0.0%
Total Education, Department Of	\$ 1,622,180,356	\$ 1,707,061,984	\$ 1,786,251,984	\$ 1,772,162,069	\$ 65,100,085	3.8%
<u>Executive Council</u>						
Court Costs	\$ 30,616	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	0.0%
Public Improvements	4,935	50,000	50,000	50,000	0	0.0%
Performance of Duty	1,924,408	1,360,000	850,000	850,000	-510,000	-37.5%
Drainage Assessment	15,269	25,000	25,000	25,000	0	0.0%
Total Executive Council	\$ 1,975,228	\$ 1,485,000	\$ 975,000	\$ 975,000	\$ -510,000	-34.3%
<u>Legislative Branch</u>						
Legislative Expenses	\$ 21,380,155	\$ 22,978,087	\$ 24,755,469	\$ 24,755,469	\$ 1,777,382	7.7%
<u>Governor</u>						
Interstate Extradition	\$ 200	\$ 4,000	\$ 4,000	\$ 4,000	\$ 0	0.0%

Unassigned Standings Appropriations

General Fund Appropriations

	Actual FY 1997 <u>(1)</u>	Estimated FY 1998 <u>(2)</u>	Dept Req FY 1999 <u>(3)</u>	Gov Recomm FY 1999 <u>(4)</u>	Gov Rec vs FY 1998 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Human Services, Dept. Of</u>						
Commission of Inquiry	\$ 0	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	0.0%
Nonresident Transfer	0	87	87	87	0	0.0%
Nonresident Commitment	123,765	184,398	184,398	184,398	0	0.0%
Total Human Services, Dept. Of	\$ 123,765	\$ 186,285	\$ 186,285	\$ 186,285	\$ 0	0.0%
<u>Management, Department Of</u>						
Special Olympics Fund	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 0	0.0%
Indian Settlement Officer	25,000	25,000	25,000	25,000	0	0.0%
Appeal Board Standing	4,280,772	5,400,000	5,400,000	5,400,000	0	0.0%
Total Management, Department Of	\$ 4,325,772	\$ 5,445,000	\$ 5,445,000	\$ 5,445,000	\$ 0	0.0%
<u>Public Defense, Dept. Of</u>						
Compensation & Expense	\$ 115,224	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	0.0%
<u>Revenue & Finance, Dept.</u>						
Ag. Land Tax Credit	\$ 39,087,343	\$ 39,100,000	\$ 39,100,000	\$ 39,100,000	\$ 0	0.0%
Personal Prop. Tax Repl.	56,279,387	56,287,557	56,287,557	55,208,342	-1,079,215	-1.9%
Printing Cigarette Stamps	101,893	115,000	115,000	115,000	0	0.0%
Homestead Tax Credit Aid	93,569,586	113,600,000	115,300,000	115,300,000	1,700,000	1.5%
Elderly/Disabled Credit	10,240,448	12,000,000	12,200,000	12,200,000	200,000	1.7%
Peace Officer Retirement	2,942,724	2,942,726	2,942,726	2,942,726	0	0.0%
Unemployment Compensation	331,336	400,000	400,000	400,000	0	0.0%
Franchise Tax Reimburse.	8,795,734	8,800,000	8,800,000	8,800,000	0	0.0%
Military Service Tax	2,784,091	2,900,000	2,900,000	2,900,000	0	0.0%
Federal Cash Management	873,442	1,200,000	1,300,000	1,300,000	100,000	8.3%
Machinery/Equip Prop Tax	6,901,002	11,300,000	16,800,000	16,800,000	5,500,000	48.7%
Livestock Producers Cred.	0	2,000,000	2,000,000	2,000,000	0	0.0%
Total Revenue & Finance, Dept.	\$ 221,906,986	\$ 250,645,283	\$ 258,145,283	\$ 257,066,068	\$ 6,420,785	2.6%

Unassigned Standings Appropriations

General Fund Appropriations

	Actual FY 1997 (1)	Estimated FY 1998 (2)	Dept Req FY 1999 (3)	Gov Recomm FY 1999 (4)	Gov Rec vs FY 1998 (5)	Percent Change (6)
<u>Secretary Of State</u>						
Iowa Servicemens Ballot	\$ 0	\$ 3,500	\$ 0	\$ 0	\$ -3,500	-100.0%
Constitutional Amendments	954	0	2,565	2,565	2,565	
Total Secretary Of State	\$ 954	\$ 3,500	\$ 2,565	\$ 2,565	\$ -935	-26.7%
<u>Transportation, Dept. Of</u>						
Public Transit Assistance	\$ 8,684,132	\$ 8,500,000	\$ 8,500,000	\$ 8,500,000	\$ 0	0.0%
Total Unassigned Standings	\$ 1,880,692,772	\$ 1,996,475,509	\$ 2,084,431,956	\$ 2,069,262,826	\$ 72,787,317	3.6%
Standings	\$ 1,880,692,772	\$ 1,996,475,509	\$ 2,084,431,956	\$ 2,069,262,826	\$ 72,787,317	3.6%
	\$ 1,880,692,772	\$ 1,996,475,509	\$ 2,084,431,956	\$ 2,069,262,826	\$ 72,787,317	3.6%



APPENDIX B

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
BUILT-IN INCREASES OR DECREASES (SEE PAGE 72 FOR DEFINITION):						
K-12 School Aid Standing Unlimited Appropriation	<p>The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of state aid and local property tax used in funding school district budgets.</p> <p>Assumptions: Special Education weightings are estimated to increase by 7.7%, property valuations are estimated to increase by 3.25%, machinery and equipment valuation reduction is estimated to increase by the same amount as in FY 1998, and all other unknown variables are held constant.</p>	<ul style="list-style-type: none"> • Allowable growth of 3.5%. • Decrease due to enrollment decline of 323 pupils (0.1%). • Assumed increase in special education weightings of 7.7%. • Increase in supplemental weightings. • Assumed decrease due to increase in property valuations of 3.25%. • Decrease due to the expiration of reorganization incentives. 	\$ 65.5	\$ 62.9	<ul style="list-style-type: none"> • No change from current law recommended. The difference is due to special education assumptions. 	\$ -2.6

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Collective Bargaining Salary Packages Appropriation	Estimated salary increases for negotiated collective bargaining costs.	• Salary increases are subject to collective bargaining and represent the historical cost.	\$ 48.3	\$ 44.3	• No change from current law recommended. The Governor's estimate is a "Governor's Planning Number."	\$ -4.0

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Human Services - Medical Assistance Appropriation	Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.	<ul style="list-style-type: none"> • Provider reimbursement increases, including \$2.6 million Intermediate Care Facility mid-year adjustment • Increase for Intermediate Care Facilities Mentally Retarded. • Increased eligibles through SCHIP. • Continuous and presumptive child eligibility • Child welfare caseload growth • Managed care contracts' capitated payment, (3.0% increase) • Federal Financial Participation rate decrease • Medicaid Total 	<p>\$ 19.7</p> <p>3.0</p> <p>2.4</p> <p>3.5</p> <p>2.0</p> <p>1.7</p> <p><u>1.7</u></p> <p>\$ 34.0</p>	<p>\$ 21.4</p>	<ul style="list-style-type: none"> • The Governor's Recommendation does not include: • Increase for Intermediate Care Facilities Mentally Retarded (\$3.0 million). • Increased eligibles through Children's Insurance outreach (\$2.4 million). • Continuous and presumptive eligibility for children (\$3.5 million). • Child welfare caseload growth (\$2.0 million). • Negotiation of the managed care contracts' capitated payment, assumes a 3.0% increase (\$1.7 million). 	<p>\$ -12.6</p>

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Natural Resources - Resource Enhancement and Protection (REAP) Fund <i>Standing Limited Appropriation</i>	The REAP Program provides funds for land maintenance, acquisition and development, grants to cities and counties, soil conservation cost share, alternative roadside vegetation, and historical resource grants.	<ul style="list-style-type: none"> The Standing Appropriation is restored as required by the <u>Code of Iowa</u>. 	\$ 11.0	\$ 0.0	• The Governor maintains the same funding level as FY 1998 of \$9.0 million.	\$ -11.0
	The REAP appropriation for FY 1998 is \$9.0 million. For FY 1999 through FY 2021, \$20.0 million is appropriated from the General Fund, but that amount is reduced by any money appropriated from the Lottery Fund (Section 455.18(4), <u>Code of Iowa</u>).					

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Highway Patrol <i>Standing Limited Appropriation</i>	Senate File 481 appropriated \$9.0 million in FY 1997 to the Highway Safety Patrol Fund to begin funding the Patrol from the General Fund. Senate File 481 increases the General Fund appropriation by \$9.0 million each year until the Highway Patrol is fully funded from the General Fund.	<ul style="list-style-type: none"> • New funding. • Senate File 481 appropriated \$9.0 million in FY 1997, \$18.0 million in FY 1998, \$27.0 million in FY 1999, and \$36.0 million in FY 2000 or as much as is necessary to fully fund the Highway Patrol from the General Fund. 	\$ 9.0	\$ 8.7	<ul style="list-style-type: none"> • The Governor is recommending an increase less than required by current law. The \$300,000 difference will be funded through motor vehicle use tax receipts. 	\$ -0.3
Mental Health Growth Factor <i>Standing Limited Appropriation</i>	House File 255 (1997 Session) appropriated \$12.5 million in FY 1999, which is a 2.9% annual increase applied to county gross base expenditures for county Mental Health/Mental Retardation/ Developmental Disabilities Services funds, for inflation.	<ul style="list-style-type: none"> • Continues funding initiated in FY 1998. • House File 255 appropriated \$6.2 million in FY 1998 and \$12.5 million in FY 1999, which is as increase of \$6.3 million (2.9%) in FY 1999. 	\$ 6.3	\$ 6.3	<ul style="list-style-type: none"> • No changes recommended. 	

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Machinery and Equipment (M & E) Property Tax Replacement Fund <i>Standing Unlimited Appropriation</i>	Due to the phase out of the property tax on M&E, current law provides for the replacement of lost valuation compared to the base year (FY 1996). HF 2165 (1996 Legislative Session) expanded the replacement to include tax increment financing (TIF) districts.	<ul style="list-style-type: none"> • Increased M&E valuation reduction. 	\$ 5.5	\$ 5.5	<ul style="list-style-type: none"> • No change from current law recommended. 	
Revenue and Finance Standing Appropriations <i>Standing Unlimited Appropriation</i>	In the 1997 Session, the Legislature passed HF 726 which removed the appropriation freeze on the Homestead; Elderly and Disabled; and Military Service Property Tax Credits. This fully funds the credits. Removing the appropriation freeze is estimated to increase General Fund appropriations by \$21.9 million in FY 1998.	<ul style="list-style-type: none"> • Increased Homestead and Elderly and Disabled Claims. 	\$ 1.9	\$ 1.9	<ul style="list-style-type: none"> • No change from current law recommended. 	

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Current Law FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Transportation for Nonpublic Students <i>Standing Unlimited Appropriation</i>	Provides reimbursement for transportation of nonpublic school students. Public school districts are required to provide transportation assistance for resident students attending approved nonpublic schools on the same basis as provided for resident public school students.	• Increased claims.	\$ 0.5	\$ 0.0	• The Governor estimates Transportation for Nonpublic Students will not increase.	\$ -0.5

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
ANTICIPATED INCREASES OR DECREASES (SEE PAGE 72 FOR DEFINITION):						
Internal Revenue Code (IRC) Update Revenue Reduction	Updates Code of Iowa references to meet Internal Revenue Service Definitions (Coupling).	<ul style="list-style-type: none"> Reduction in General Fund Revenues. 	\$ 8.9	\$ 8.9	<ul style="list-style-type: none"> No changes recommended. Note: Governor also recommends \$2.8 million in FY 1998 for cost of coupling. 	
Group Foster Care Appropriation	Anticipated impact from the Iowa Supreme Court group foster care decision, which stated that court ordered placements are not bound by expenditure limitations on human services budgets, due to separation of powers.	<ul style="list-style-type: none"> Includes \$1.8 million group care shortfall in FY 1997. Includes \$1.2 million estimated increase in group care placements (which is an increase of 3.5%). 	\$ 3.0	\$ 0.0	<ul style="list-style-type: none"> The Governor recommends no changes compared to estimated FY 1998. 	\$ -3.0
Workforce Development Appropriation	Federal welfare-to-work match required.	<ul style="list-style-type: none"> Match federal requirement. 	\$ 2.1	\$ 0.9	<ul style="list-style-type: none"> Governor recommends spreading the State match over three fiscal years and provides \$500,000 of the match per year from other funding sources. 	\$ -1.2

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
Corrections <i>Appropriation</i>	<p>Various Corrections projects:</p> <ul style="list-style-type: none"> • \$1.1 million to annualize expenses and bring the operation of the Newton prison to full capacity. • \$7.4 million for full year operation of the new Ft. Dodge prison. • \$2.2 million for operations of a 100 bed special needs unit for women at Mt. Pleasant. MHI facilities are to be converted to prison beds. • \$ -600,000 due to making the final payment for the corrections expansion lease purchase - Phase I in FY 1998. • \$1.1 million for operations of the relocated and expanded work release facility located at Ft. Des Moines in the Fifth Community-Based Corrections District. 	<ul style="list-style-type: none"> • Ongoing expenditure and one-time expenditures. 	\$ 11.2	\$ 11.2	• No change recommended.	

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
DHS Child Support Recovery Welfare Reform Costs Appropriation	In FY 1998, the Child Support Recovery Unit was allowed to use revenues to support costs of program changes pursuant to federal Welfare Reform.		\$ 1.3	\$ 0.0	• Governor appropriates technology initiatives from ending FY 1998 reversions.	\$ -1.3
Staff New Juvenile Facilities at Eldora and Toledo Appropriation	Staff costs to support renovation of a 10-bed female delinquent unit scheduled to be operative July 1, 1998, at Toledo, and opening a new 24-bed cottage at Eldora scheduled to be operative January 1, 1999.	• Estimate assumes a full year of staff support for Toledo and six months of staff support for Eldora in FY 1999, then annualized support for Eldora in FY 2000.	\$ 0.9	\$ 0.9	• No change recommended.	
College Aid - National Guard Appropriation	The FY 1998 appropriation provided 672 freshmen and sophomores an average tuition aid of \$930 for members of the National Guard.	• Grant program determined by appropriations.	\$ 0.6	\$ 0.4	• Governor assumes attrition for actual enrollment compared to the number of students indicating an intent to participate, while adding the junior and senior levels.	\$ -0.2

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
Elder Affairs - Expand Case Management Statewide Appropriation	The Case Management Program for the Frail Elderly provides a forum for local health and human service agencies to coordinate services to best meet the needs of the frail elderly. Currently, the Program exists in 87 counties and is scheduled to be added in two more.	<ul style="list-style-type: none"> Expand the Program into the remaining 10 counties. 	\$ 0.5	\$ 0.5	No change recommended.	
Regents - Tuition Replacement Appropriation	Tuition replacement is the appropriation to pay the debt service costs of academic revenue bonds. The bonds are sold when approved by the General Assembly to pay for certain buildings on the campuses of Regents' institutions. The payments are "guaranteed" with tuition and fee revenues from the students attending the Regents' universities.	<ul style="list-style-type: none"> Increased debt service on authorized Academic Revenue Bonds. 	\$ 0.4	\$ 0.1	The refunding of certain academic revenue bonds will be completed in mid-January, which changes the FY 1998, FY 1999, and future years' tuition replacement need. The Governor's recommendation assumes a reversion of \$839,000 from the FY 1998 appropriation to the General Fund.	\$ -0.3

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
General Services - Higher Energy Cost Appropriation	Higher energy cost is the appropriation to pay for increases for utility costs. The increases are based on extreme weather predictions, energy conservation measures, increases and decreases in the State of Iowa Facilities Improvement Corporation (SIFIC) cost, and projected utilities increases.	<ul style="list-style-type: none"> Unpredictability of weather conditions. 	\$ 0.3	\$ 0.2	<ul style="list-style-type: none"> Governor's recommendation is based on normal weather model (30 year average temperatures). 	\$ -0.1
DNR - Air Match Appropriation	The Federal Air Quality Grant Program requires a 60.0% federal/40.0% State match ration to implement the Federal Clean Air Act. The match was funded by the air permit fees due to a waiver from the federal government to allow the use of permit fees as the State match through FY 1998.	<ul style="list-style-type: none"> Federal match requirement. 	\$ 0.4	\$ 0.4	<ul style="list-style-type: none"> No change recommended. 	
Regents - Opening New Buildings Appropriation	Costs which the institutions expect for salaries, utilities, and supplies to open the new buildings on campus.	<ul style="list-style-type: none"> Ongoing expenses for new buildings. 	\$ 0.3	\$ 0.3	<ul style="list-style-type: none"> No change recommended. 	

FY 1999 BUILT-IN INCREASES OR DECREASES AND ANTICIPATED INCREASES OR DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Major Factors (3)	Anticipated FY 1999 vs. FY 1998 (4)	Gov. Rec. FY 1999 vs. FY 1998 (5)	Governor's Recommended Changes from Estimate (6)	Gov. Changes (7)
Judicial Branch Retirement Fund Contribution <i>Appropriation</i>	The Judicial Retirement System Provides retirement benefits to judges. Pursuant to Section 602.9104(4), <u>Code of Iowa</u> . The employer's contribution rate is 23.7% of all covered judges' salaries.	<ul style="list-style-type: none"> The employer's contribution increases as the judges' salaries increase. 	\$ 0.1	\$ 0.1	• No change recommended.	
Natural Resources - Resource Enhancement and Protection (REAP) Fund <i>Standing Limited Appropriation</i>	The REAP Program provides funds for land maintenance, acquisition and development, grants to cities and counties, soil conservation cost share, alternative roadside vegetation, and historical resource grants.	<ul style="list-style-type: none"> This standing appropriation has not been fully funded in the past. 	\$ -11.0	\$ 0.0	• Note: This item is listed as a built-in increase and as an anticipated decrease since it has never been funded at the standing appropriation amount. The Governor's recommendations are reflected in the built-in increase section.	\$ 11.0

APPENDIX C



GLOSSARY OF BUDGET TERMS

Accrual: The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived. It provides for the matching of expense against related revenue.

Allocation: Funds and/or personnel which are apportioned or designated to a function, program, or activity.

Appropriation: A legislative allocation of money for a specific purpose.

75.0% Base Budgeting: A form of modified base budgeting used by the State in which agency managers assume for budgeting purposes that 75.0% of the current appropriation becomes the base for the next fiscal year's budget.

Budget Unit: A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

Budgeting for Results: A form of budgeting which ties the appropriation of resources to the outcomes or results expected from a program. A results-oriented performance budget is developed by defining desired program results and determining how many units of the desired outcomes can be achieved with the requested level of funding. Resources are then allocated based on the performance expected. Progress toward meeting the outcomes is tracked and analyzed, and department directors are held accountable for the performance.

Capital Appropriation: An appropriation for long term additions to, or betterment of State property, such as land, buildings, or equipment.

Cost-Of-Living Adjustment (COLA): An annual increase made in the personal services line-item at the start of the fiscal year to take account of increases in the cost-of-living. The adjustment is determined through the collective bargaining process.

Decision Package: An individual request for funding made by a department for personnel, services, equipment, capitals, or other items. Decision packages are either requests to return the budget to 100.0% of the previous year's appropriation from the 75.0% base budget, or new requests for funding, over and above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.



Electronic Publishing of Information: A project to provide electronic access to information produced or provided by the Legislative Fiscal Bureau.

Estimated Revenues: A projection compiled by the Revenue Estimating Conference for General Fund receipts.

Expenditures: Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

Estimated Expenditures: A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

Family Investment Program (FIP): The Program in Iowa replacing the Aid for Families with Dependent Children (AFDC) Program, also referred to as Welfare. The FIP is administered by the Iowa Department of Human Services and receives federal funding from the Temporary Assistance for Needy Families (TANF) federal block grant.

Federal Fiscal Year (FFY): The 12-month financial period used for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management for the federal government. The fiscal year of the federal government is October 1 through September 30.

Fiscal Year (FY): The 12-month financial period used for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The fiscal year of the State of Iowa is July 1 to June 30.

Full-Time Equivalent (FTE) Positions: One full-time equivalent position represents 2,080 working hours, which is the regular number of hours one full-time person works in one fiscal year.

General Fund: The fiscal entity whose receipts are not earmarked for dedicated purposes and which supports the general functions of State government.

Generally Accepted Accounting Principles (GAAP): A method of accounting approved by the Governmental Accounting Standards Board.

Goal: A broad statement of purpose or intended achievement as established by policy makers or program administrators.

Grants and Aids: State money that passes through State departments for local needs.

Item Veto: The action by the Governor voiding a section of an appropriation bill.

Line-Item: A term to describe funds requested and/or appropriated on a detailed or itemized basis (personal services, travel, equipment, or other items).

Merit Increase: The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of the employee's salary.

New/Expanded Programs: Departmental requests that are above and beyond current operations of the department.

Objective: A specific statement of intent or action that serves to achieve a stated goal.

Operations: An appropriation of funds for the performance of the normal functions of a department or a division.

Organization: A responsibility center within the management structure of a department.

Performance Measures: Criteria used to assess progress toward objectives in the implementation of a program.

Reversion: Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

Revolving Fund: A fiscal entity which has a designated revenue source and specific expenditure purpose, with stipulated State agency access to the fund as required. All balances in a revolving fund typically remain in the fund at the close of the fiscal year for expenditure in the future.

Salary Adjustment: Costs for raises, merit steps, and other expenses associated with a collective bargaining agreement. Because the costs of the collective bargaining agreement are unknown at the time of budget submission, departments do not include these costs in their budgets. An appropriation is made to fund the adjustment costs in an annual Salary Bill.

Salary Annualization: Costs due to merit steps which occur for only part of the first year and require additional funds to fully fund in the second year. For example, if a merit step is given halfway through the fiscal year, the first-year cost to the agency is only one-half the amount the department would incur if the step started on the first day of the fiscal year. The department would incur the entire amount in the second year and request the difference between the first and second year amounts in the budget request.

Standing Limited Appropriation: An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer, Section 331.60, Code of Iowa: "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . .".

Standing Unlimited Appropriation: An appropriation made by statute, but no dollar amount is mentioned in the Code of Iowa. An example reads as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . .".

Supplemental Appropriation: Additional funds appropriated for the current fiscal year in addition to the original appropriation.

Temporary Assistance for Needy Families (TANF): The federal block grant created by federal Welfare Reform in FFY 1997, allowing states flexibility in welfare programs and instituting a five-year limitation of aid to families. In Iowa, the TANF block grant provides funding for the Family Investment Program (FIP) and other programs supporting FIP recipients.

APPENDIX D

ISSUE REVIEW SERIES

As part of the continuing effort to provide legislative oversight, the staff of the Legislative Fiscal Bureau (LFB) monitors a variety of issues that develop in state agencies. Many of the issues are reported through the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information and some may require legislative action. To meet the need, the LFB developed an *Issue Review* series in 1992, which presents selected issues to members of the General Assembly and the Fiscal Committee. Where appropriate, each paper contains a specific issue topic, a brief background on information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following *Issue Reviews* have been distributed during the 1997 Legislative Session or Interim and are available from the LFB (listed alphabetically).



- Area Education Agencies Review
- Blufflands Protection Program
- Commission on Educational Excellence
- Computer Costs for the Year 2000
- Crime Bills from the 1997 Legislative Session
- Death Penalty - Procedures in Other States
- Dental Hygiene Programs
- Department of Transportation - Review of FTE Positions
- Educational Excellence
- Financing Mental Health Services in Iowa
- Fiscal Impact of Education Provisions in the Federal Tax Bill
- Healthy Opportunities for Parents to Experience Success (HOPES) Program
- History of Child Welfare Services Paid by the Medical Assistance Program
- Industrial Hemp
- Iowa Finance Authority Title Guaranty Program
- Iowa Housing Corporation
- Iowa Inheritance Tax and Elderly Migration
- Judicial Branch: A Brief Description
- Multi-State Lottery
- New Iowa Schools Development Corporation (NISDC)
- Permanent School Fund
- Public Health Nursing
- Rebuild Iowa Infrastructure Fund
- Renewable Fuels and Co-Products Program
- School Improvement Technology Act
- State Child Care Assistance
- State Children's Health Insurance Program (SCHIP)
- Tax Increment Financing
- Taxpayer Relief Act of 1997
- University of Iowa Biology Building and Renovation Update
- Underground Storage Tax Program Funding
- University of Iowa Health Sciences Complex
- Update on Riverboat, Pari-Mutuel, and Slot Machines at Racetracks
- Update of the Case Management Program for FY 1999
- Value-Added Agricultural Products and Processes Program

In addition to the *Issue Review* series, the LFB staff provided the following information at Fiscal Committee meetings:

- Revenue Update.
- Update of Appropriation Transfers.
- Update of Federal Funds Status.
- Update of Lease Purchase Notifications.
- Update of the Iowa Communications Network.

The LFB provided written information on the following specifically requested topics to the Fiscal Committee:

- Child Care Pilot Project Implementation Status
- Consultec Claims Payment Issues
- Group Foster Care Usage
- How other states "earmark" funds for infrastructure.
- Iowa Fiscal Impact of Federal Medicaid Reform
- Salary Annualization Explanation and Summary
- School Aid Issues - Allowable growth, timing of State Aid payments, and impact of changing the certified enrollment date.
- Summary Report on State Indebtedness.
- Tobacco Settlement and Potential Impact on Iowa.

The LFB organized and coordinated the following visitations by the Fiscal Committee:

- State University of Iowa at Iowa City on August 27, 1997, for the following:
 - To view deferred maintenance and fire safety needs at the following campus buildings: Chemistry Building, Trowbridge Hall, Macbride Hall, MacLean Hall, Seashore Hall, Eckstein Building.
 - To review plans for the proposed health sciences complex.
 - To view completed remodeling of Schaeffer Hall.
- Iowa State Fairgrounds in Des Moines on October 29, 1997, to view recent on-site improvements and infrastructure needs.

The LFB also organized and staffed a special joint meeting of the Fiscal Committee and the Oversight Committee in September 1997 regarding education issues. Topics discussed at the meeting included:

- Area education agencies.
- New Iowa Schools Development Corporation.
- Commission on Educational Excellence in the 21st Century.
- Educational Excellence Program.
- School Aid Issues - allowable growth, timing of State Aid payments, impact of changing the certified enrollment date.

APPENDIX E

ELECTRONIC PUBLISHING OF INFORMATION

The Legislative Fiscal Bureau (LFB) has a series of computer programs to allow legislators and legislative staff on-line access to LFB information. The information which is available includes:

1. A LFB staff directory with access to electronic mail, Committee and Subcommittee assignments, and a searchable subject index.
2. Financial information including:
 - A. Appropriations Tracking - Viewing of appropriations status and amounts.
 - B. Balance Sheet - Viewing the most recent and past balance sheets.
 - C. Taxes and Receipts - Viewing of daily and historical revenue information.
 - D. Monthly Revenue Memo - Viewing of the Monthly Revenue Memo issued the first of each month.
3. Miscellaneous Information and Publications, including:
 - A. Searching and viewing of the Fiscal Update (the weekly LFB newsletter) and *Issue Reviews* published by the LFB.
 - B. Accessing an electronic version of the State Employee Salary Book. The program provides electronic searching capabilities.
 - C. Viewing a repository of miscellaneous information created by the LFB including on-going reports and information.
 - D. Accessing the Department Budget Requests and Governor's Budget Recommendations analysis created by the LFB.
 - E. Viewing the LFB Factbook, which is statistical summary information.
4. Fiscal Notes and Bill Summaries:
 - A. Viewing the executive summaries of Notes on Bills and Amendments (NOBA).

- B. The Fiscal Note System - Accessing the status of written and pending fiscal notes, displaying filed fiscal notes, and viewing a historical index of fiscal notes from past sessions.

Each computer program has a help file which is intended to assist the user in running each of the programs.

The LFB Electronic Publishing of Information operates in the Designer Workbench Mapper mainframe program. Please type the word "Fiscal" and the user will have access to the introductory menu. The button "Fiscal" in the main Computer Support Bureau program "Genmenu" will also access the LFB area.



The Legislative Fiscal Bureau has developed a logo to assist in the location of products associated with the Electronic Publishing of Information. Whenever the logo is displayed, that information is available on-line through the LFB's "Fiscal" Program.

The LFB is continuing development of the Electronic Publishing system during the session and the coming interim. If you have any suggestions, questions, or problems with the computer run or information, please do not hesitate to contact the LFB.

APPENDIX F



STAFF LISTING

LEGISLATIVE FISCAL BUREAU

Dennis C. Prouty, Director
Capitol, Second Floor
281-5279

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
DEPUTY DIRECTOR	Tim Faller	281-4615	Capitol - Room 217
FISCAL ANALYSIS	Holly Lyons	281-7845	Capitol - Room 217
POLICY ANALYSIS	Douglas Wulf	281-3250	Lucas - Room G23
DATABASE	Glen Dickinson	281-4616	Lucas - Room G23
APPROPRIATIONS SUBCOMMITTEES			
ADMINISTRATION & REGULATION			
Auditor	Carolyn India Black	281-6765	Lucas - Room G23
Commerce			
General Services			
Governor			
Management			
Secretary of State			
Ethics & Campaign Finance Disclosure	Paige Piper\Bach	281-4613	Lucas - Room G23
Inspections & Appeals			

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
ADMINISTRATION & REGULATION (Continued)			
Personnel Revenue & Finance State/Federal Relations Treasurer	Paige Piper\Bach	281-4613	Lucas - Room G23
AGRICULTURE & NATURAL RESOURCES			
Agriculture State Fair Authority	Sherry Weikum	281-7846	Lucas - Room G23
Iowa Family Farm Development Authority Natural Resources	Debra Kozel	281-6767	Lucas - Room G23
ECONOMIC DEVELOPMENT			
Economic Development Iowa Finance Authority Iowa Seed Capital Corporation Public Employment Relations Board Workforce Development	Jeff Robinson	281-4614	Capitol - Room 217
EDUCATION			
Board of Regents College Aid Commission	Sue Lerdal	281-7794	Capitol - Room 217
Cultural Affairs Education Iowa Public Television	Mary Shipman	281-4617	Capitol - Room 17
HEALTH & HUMAN RIGHTS			
Blind Elder Affairs Governor's Substance Abuse Coordinator Human Rights	Ron Robinson	281-6256	Lucas - Room G23
Civil Rights Public Health Veterans Affairs	Valerie Thacker	281-5270	Lucas - Room G23

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
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HUMAN SERVICES

County-Based Services Foster Care General Administration Institutions Juvenile Justice Mental Health/Mental Retardation/ Developmental Disabilities Services Social Services Block Grant	Deborah Anderson	281-6764	Lucas - Room G23
Child Care Child Support Recovery Family Investment Program, Promise Jobs, and Food Stamps Field Operations Medical Services State Children's Health Insurance Program Temporary Assistance for Needy Families (TANF) Block Grant	Margaret Buckton	281-7942	Lucas - Room G23

JUSTICE SYSTEM

Corrections Iowa Law Enforcement Academy Parole Board Public Defense Indigent Defense/Public Defender Judicial Department Justice Department Public Safety	Dwayne Ferguson	281-6561	Lucas - Room G23
	Darlene Kruse	281-6301	Lucas - Room G23

OVERSIGHT & COMMUNICATION

Iowa Telecommunications & Technology Commission Technology Investment Account	Douglas Wulf	281-3250	Lucas - Room G23
Information Technology Services Year 2000	Glen Dickinson	281-4616	Lucas - Room G23

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
TRANSPORTATION, INFRASTRUCTURE, & CAPITALS	David Reynolds	281-6934	Lucas - Room G23
WAYS AND MEANS			
Standing Committees	Larry Sigel	281-4611	Capitol - Room 217
	Jon Studer	281-7799	Capitol - Room 217
EDUCATION STANDING COMMITTEES			
School Finance	Jon Studer	281-7799	Capitol - Room 217
APPROPRIATIONS COMMITTEES	Holly Lyons	281-7845	Capitol - Room 217
DATABASE SUPPORT	David Kair	281-3685	Lucas - Room G23
	Raymond Knapp	281-5335	Lucas - Room G23
	Scott Miller	281-4612	Lucas - Room G23
ADMINISTRATIVE STAFF	Sandra Laust	281-4594	Capitol - Room 217
	Charlotte Mosher	281-5279	Capitol - Room 217
	Nicole Navara	281-6766	Lucas - Room G23