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TELEPHONE 515/281-3566  
SERGE H. GARRISON, DIRECTOR

September 10, 1976

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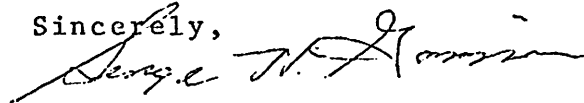
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TO: MEMBERS OF THE LEGISLATIVE COUNCIL

In accordance with Section 15, House File 1583, passed by the 1976 Session of the Sixty-sixth General Assembly, notice is hereby provided that I have approved reimbursement of tuition not to exceed \$50 to Dorothy Benton, Executive Administrator, Legislative Service Bureau. The reimbursement is to cover costs associated with the Estates and Trusts I course beginning September 14, 1976 at the Des Moines Area Community College in Ankeny. It is not anticipated that much leave time will be involved since this is primarily an evening course.

Sincerely,



SERGE H. GARRISON  
Director

SHG:ddb

Document 10/10/76

State of Iowa  
Department of Public Instruction

BERT D. BENTON, Ed. D.  
STATE SUPERINTENDENT

REHABILITATION EDUCATION AND SERVICES BRANCH  
507 TENTH STREET - FIFTH FLOOR  
DES MOINES, IOWA 50309

JERRY L. STARKWEATHER  
ASSOCIATE SUPERINTENDENT

September 1, 1976

The Legislative Council  
Legislative Fiscal Bureau  
Capitol Building  
L O C A L


Dear Sirs:

In keeping with our understanding of the requirements of Section 15, House File 1583, Acts of the 66th General Assembly, 1976 Session, you are hereby provided notice that the Rehabilitation Education and Services Branch has approved this date a part-time Educational Leave for Ms. Teresa Brown, Quality Assurance Examiner, in our Disability Determinations Division. The Educational Assistance Program approved for Ms. Brown consists of part-time Educational Leave, 7½ hours per week, beginning September 9, 1976, through December 1, 1976; and reimbursement for the tuition and fee costs associated with the course, not to exceed \$107.55.

If the information above is insufficient to meet the requirements for notification as specified in the code, I assume we will be so notified.

Sincerely,

REHABILITATION EDUCATION  
AND SERVICES BRANCH

  
Jerry L. Starkweather  
Associate Superintendent and Director

JLS/mkb

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM THE  
COLLECTIVE BARGAINING ADMINISTRATION STUDY COMMITTEE

The Collective Bargaining Administration Study Committee is composed of ten members who selected Representative John Connors as Chairperson and Senator Eugene Hill as Vice Chairperson. The Study Committee has established as its primary goal the study of questions and ambiguities arising under the Public Employees Collective Bargaining Act including the administration of the Act. The Study Committee has also been assigned the topics of studying the feasibility of a program to allow public employees to transfer to other employment with either the same or another public employer and to study the alternative methods of initiating a flexible work schedule for state employees. The Study Committee has held two meetings on September 10th and October 1st, and has scheduled a third meeting on October 19th.

During its two meetings, the Study Committee received testimony on collective bargaining issues from representatives of public management and representatives of employee organizations. The public management representatives included the League of Iowa Municipalities, the Iowa State Association of Counties, the Iowa Association of School Boards, the State Employment Relations Director, and the Director of the Iowa Merit Employment Department. Representatives of the employee organizations included the Iowa Federation of Labor, AFL-CIO, the Iowa Conference of Teamsters, the State of Iowa Employees Association (AFSCME), the Iowa Association of Professional Firefighters, and the Iowa State Education Association.

Recommendations for change in the Collective Bargaining Act were made also exclusively by representatives of the employee organizations and the Public Employment Relations Board. The State Employment Relations Director expressed support for one recommendation of several employee organizations relating to public employee voting requirements. Examples of the 23 recommended changes made at the first two meetings of the Study Committee are:

1. Change employee voting requirements from a majority of eligible employees to a majority of employees voting at an election.
2. Establish an executive-legislative liaison during the state negotiations.
3. Delete the factfinding phase of impasse procedures.
4. Expand the scope of negotiations.
5. Specify a state budget certification date.
6. Remove statutory conflicts between the Collective Bargaining Act and the Iowa Merit Employment Act.
7. Streamline appeal procedures.

8. Redefine supervisory employees and provide supervisory employee bargaining rights.

The representatives of public managers strongly recommended no substantive changes in the Collective Bargaining Act because the Act is working well considering the normal problems which can be expected during the first year of its implementation. The public employer representatives urged that additional experience in the operation of the Act is necessary before the necessity of any change can be thoroughly evaluated.

The Study Committee will receive and discuss the specific recommendations of the Public Employment Relations Board at its October 19th meeting.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM THE INSURANCE POOL STUDY COMMITTEE.

The Insurance Pool Study Committee was established pursuant to Senate Joint Resolution 1009. That Resolution requires investigation in three broad categories:

1. The causes and effects of high cost of or unavailability of general insurance coverage for governmental subdivisions, and of liability insurance coverage for health care providers, manufacturers and distributors of products, and other persons who purchase errors and omissions type coverage.

2. The feasibility of creating a state insurance pool to provide general insurance coverage for governmental subdivisions, and the feasibility of consolidating into such a pool liability coverage of health care providers and other persons who have substantial difficulty obtaining liability insurance coverage.

3. The feasibility of enacting legislation to modify the tort claims act and tort and liability laws in general, and to create reinsurance pools, for the purpose of solving the high cost and unavailability of insurance coverage.

The Committee has held hearings for a total of three days to date, and has received testimony from a variety of interests involved in the insurance market. The evidence received indicates that in each of the insured enterprises involved in this study, premiums are increasing at a rate which is alarming to the insureds. For example, evidence presented by the League of Iowa Municipalities indicates that the city of Moulton, Iowa, with a population of 763, saw an increase in its insurance premium of 309% in one year. In the products liability area, a survey of Iowa manufacturers by the Iowa Manufacturers Association indicates that for a group of 138 companies, total premiums for liability insurance increased by 52.7% from 1975 to 1976, and the 1976 total premiums were 335% greater than in 1970. In addition, some companies are finding it necessary to buy policies with substantially higher deductibles in order to keep premiums to a level which they believe are affordable.

The Committee also is finding that information is very difficult to obtain. Insurance companies state that they have not kept in aggregate form the data needed to answer certain questions, and thus loss and premium data for many of the lines of insurance coverage which are the subject of this study have not been available to the Committee. In addition, most of the proposals for change which have been recommended as solutions have not been studied so that one can measure or even reasonably predict whether they would have any significant impact on costs or availability of insurance.

Summary of Progress Report  
Insurance Pool Study Committee  
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The Committee will continue its study. It is not known at this time what recommendations the Committee ultimately might make respecting legislation. The Committee has considered, and will present a request to the Legislative Council at its November meeting for, the obtaining of outside consultants to investigate the feasibility of a state insurance pool. The information needed as a basis for reaching decisions on a state fund will require considerable research and interpretation, and the Committee has expressed the opinion that such a study ought to be done by independent outside consultants who have expertise in the principles of insurance and in economics. The Committee presently is considering staff of the state universities as consultants for this project.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM THE  
ROAD FINANCING STUDY COMMITTEE

The Road Financing Study Committee has held two meetings and has established two subcommittees, a Tax Subcommittee to review road finances and revenue and a Distribution Subcommittee to review the present fund allocation formula. The meetings to date have been used to review the present funding, the method of allocating funds under the present formula, and the amount of construction and maintenance which has been done on roads in the immediate past two years. At its two meetings, the Study Committee has heard testimony from representatives of the State Department of Transportation, the Transportation Commissioners, representatives of the League of Iowa Municipalities, and representatives of the Iowa County Engineers Association.

At its last meeting, the Taxation Subcommittee requested that the Legislative Service Bureau prepare a bill draft FOR DISCUSSION PURPOSES ONLY, which would basically provide for a 20% ad valorem fuel tax to be semi-annually recalculated as a penny-per-gallon levy and collected in the same manner as the present motor fuel and special fuel taxes. The percentage will be multiplied by the average weighted costs for motor fuel and special fuels and the bill would provide for a maximum escalation or deescalation of the tax rate.

At its last meeting, the Distribution Subcommittee made a preliminary recommendation that the allocation of funds be based on the 1974 needs study and that future allocations be made on a needs study which is computed at least once quadrennially.

No meeting dates have been selected in November for the Road Financing Study Committee. However, it is anticipated that the next meeting will occur within two weeks of the elections.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM THE  
AREA EDUCATION AGENCY STUDY COMMITTEE

The Area Education Agency Study Committee, chaired by Representative John Patchett, has held two meetings and has another scheduled for November 9 and 10. Chairperson Patchett had contact with the Eagleton Institute of Politics at Rutgers University which has done consultant work in the special education finance area. Dr. Don Weatherspoon from the Eagleton Institute has met with the staff and attended the October Committee meeting. The consultant work is at no expense to the state and Dr. Weatherspoons's function is to assist thte staff and advise the Committee, but Dr. Weatherspoon will not be performing any research.

At the first meeting of the Committee persons from the Department of Public Instruction presented information relating to the status and operations of the fifteen area education agencies. Information was presented that the number of children who have been identified as requiring special education has increased from 12,000 prior to the establishment of the area education agencies to 33,000 children at the January 1976 enrollment count.

The Department informed the Committee that it had anticipated that cost information would be available for the October meeting, but since the report forms are new, many districts had problems in completing the information required relating to special education costs, and the Department personnel are busy verifying the information submitted by the local districts.

At its first meeting the Committee discussed the feasibility of holding hearings throughout the state, but instead scheduled a hearing in Des Moines for September 30. About 35 parents, local superintendents, local board members and teachers made presentations to the Committee during its afternoon session and about 15 such persons did so during the evening session.

The law requires that funds raised through weighting and for special education support services be used only for special education purposes and although cost figures are not yet available, the Committee discussed alternatives for disposition of any excess funds generated for special education purposes for the last fiscal year. The Committee voted to express its intent that the special education funds not used by a school district be deducted from the funds generated for special education for the next fiscal year and that a bill be drafted to accomplish this purpose.

The Committee also voted that the following bills be drafted for discussion purposes by the Committee:

1. Increase the maximum salary for the chief administrator of an area education agency from \$27,500 to \$30,000.
2. Grant corporate status to area education agencies.



AREA EDUCATION AGENCY STUDY COMMITTEE  
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Page 2

3. Change the method for funding media services by lifting the \$8.00 per pupil served ceiling on media funding, equalize the spending over a three year period, and allow an additional \$3.00 per pupil served to be expended for replacement of media materials.

The Committee also voted to have Legislative Service Bureau and Legislative Fiscal Bureau personnel conduct spot visits to local districts to insure on a random basis that children identified as requiring special education services have been diagnosed, that parental input has been allowed, and that the programs of the children have been reviewed.

For the next meeting in November, the Committee has asked that area education agency administrators and other personnel from the agencies be present to answer questions. The Department of Public Instruction has agreed to provide information about numbers of special education children identified and served, broken down by handicapping condition and costs in each area for each condition for the state as a whole and for each area education agency; numbers of pupils served by private agencies both inside and outside the state and costs; information about students replaced and reasons for their replacement; and cost information about media services.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM THE CORPORATION INCOME TAX STUDY COMMITTEE

The Corporation Income Tax Study Committee has held two meetings to date. The first meeting was held on September 10, 1976 at which time Mr. James Sullivan appeared before the Study Committee to discuss the paper he had prepared several years previously on allocation of corporate income for tax purposes. During the afternoon session, representatives from the Department of Revenue appeared before the Study Committee to discuss the three-factor formula study which had been prepared by the Department of Revenue two years ago.

The second meeting of the Study Committee was held on September 27, 1976. Mr. Richard Powell of the Iowa Development Commission appeared at this meeting to discuss the efforts of the Iowa Development Commission in drawing new business and industry to the state. The Study Committee placed its emphasis on the Iowa corporate tax structure and its impact upon a corporation's decision to locate facilities in this state.

The Study Committee to date has focused upon the three-factor formula and the so-called "throw-back provision". The three-factor formula is of significance to the Study Committee in light of the case filed by the Moorman Corporation of Chicago in the District Court of Polk County challenging the constitutionality of the single-factor formula presently used in Iowa for purposes of allocating corporate income for tax purposes. Arguments in the Moorman case have been heard in the District Court and it is anticipated that a decision should be rendered in late October or early November. The "throw-back provision" is a provision which would allocate to Iowa the income derived by corporations from all sales to the United States government or any foreign government and sales made in states where the corporation does not have a sufficient nexus for tax purposes.

The next meeting of the Corporation Income Tax Study Committee is scheduled for November 23, 1976. The Study Committee has asked Mr. Gene Corrigan, Executive Director of the Multistate Tax Compact to testify before the Committee. The Study Committee has also requested Mr. Dan Smith, Administrator of the Income, Sales, Inheritance, and Excise Tax Division of the Wisconsin Department of Revenue, to testify before the Study Committee.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE ENERGY RESOURCES STUDY COMMITTEE

The Energy Resources Study Committee is composed of 14 members, chaired by Senator James Gallagher and Representative Mary O'Halloran. The Study Committee adopted as its primary goal the development of a comprehensive package of energy conservation legislation including tax exemptions or incentives for alternative sources of energy production and energy efficiency standards for building construction and appliances. The Study Committee also created two subcommittees, the Hazardous Materials Subcommittee to study the registration and inspection of x-ray equipment, and the Coal Subcommittee to review the Iowa Coal Research Project and consider a proposed extension of the research project. The Study Committee has held four meetings; the Hazardous Materials Subcommittee has held one meeting and has a second meeting planned; and the Coal Subcommittee has held two meetings.

During the meetings, the Study Committee and its Subcommittees have received testimony and assistance from the Energy Policy Council, the Iowa Coal Research Project, the Iowa Geological Survey, the State Building Code Commissioner, the Iowa Medical Society, the Department of Environmental Quality, and the State Department of Health.

To meet the state energy conservation goal of reducing five percent or more of the total amount of energy consumed in the year 1980 from the projected energy consumption for that year, as established by the Federal Energy Policy and Conservation Act of 1975, each proposed state energy conservation plan must include the following provisions to be eligible for federal financial assistance:

1. Mandatory lighting efficiency standards for public buildings except those buildings owned or leased by the federal government.
2. Establish programs to promote the availability and use of car pools, van pools, and public transportation.
3. Establish mandatory standards and policies relating to energy efficiency to govern the procurement practices of the state and its political subdivisions.
4. Establish mandatory thermal efficiency standards and insulation requirements for new and renovated buildings, except those buildings owned or leased by the federal government.
5. Establish a traffic law or regulation which permits the operator of a motor vehicle to turn right after stopping at a red signal light.

In testimony received from the Energy Policy Council, the Study Committee learned that three of the five requirements of the federal legislation require new legislation, including the requirement establishing lighting efficiency standards, establishing energy efficiency standards in state and local procurement practices, and establishing thermal efficiency standards and insulation requirements for new and renovated buildings. The Federal Energy Administration will accept ASHRAE 90 - 75 (a building energy consumption standard adopted by the American Society of Heating, Refrigeration and Air-conditioning) or the Housing and Urban Development Minimum Property Standards as a statewide building code requirement to meet the thermal efficiency and insulation standard.

The Coal Subcommittee has met with the Iowa State University personnel who are conducting the Iowa Coal Research Project and have toured the Project mine site near Bussey, Iowa. Testimony received by the Subcommittee indicates that the current project is progressing according to plan and within the appropriation. The Project personnel have also presented a new proposal for the continuation of the Research Project for an additional five years.

The Hazardous Materials Subcommittee has received testimony relating to the disposal of hazardous material and the desirability of registering and inspecting x-ray equipment. The Subcommittee plans to hold a public hearing relating to the need for legislation requiring registration and inspection of x-ray equipment in the near future.

The Study Committee has requested the drafting of the following proposed legislation:

1. A bill for an act providing a property tax exemption for solar and wind energy devices and methane gas production systems.
2. A bill for an act establishing an energy efficiency standard for new construction and a separate bill establishing an energy efficiency standard for renovated property.
3. A bill for an act making an appropriation of \$1.855 million dollars to Iowa State University of Science and Technology for the Energy and Mineral Resources Research Institute to continue a coal research project. The appropriation will provide \$1.025 million dollars for new equipment, \$30,000 for exploratory drilling, \$300,000 for operating expenses, and \$500,000 for research expenses. The bill is to provide for repayment of the appropriation by July 1, 1982 from the sale of mined and processed coal.

The Study Committee expects to complete its interim study with two additional meetings.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE LEGISLATIVE OVERSIGHT CAPABILITIES STUDY COMMITTEE

The Legislative Oversight Capabilities Study Committee is composed of ten members who selected Senator William Palmer as Chairperson and Representative John Brunow as Vice Chairperson. The Study Committee's study responsibilities include reviewing and studying the various aspects of legislative oversight and the concept of sunset laws. The Study Committee decided to place a primary emphasis on performance auditing before discussing the concept of sunset. The Study Committee has held one meeting on September 30th and has scheduled two additional two-day meetings for November 3-4 and November 22-23.

At its first meeting, the Study Committee discussed the general aspects of performance auditing with Mr. Gerry Rankin, Legislative Fiscal Bureau Director and reviewed the performance auditing manual printed by the Legislative Fiscal Bureau in 1973. Mr. Rankin told the Study Committee that the most critical part of establishing a performance auditing capability is determining the general standards by which an agency's performance can be judged. Mr. Rankin also noted that the Legislative Fiscal Bureau has conducted only one performance audit since the manual was developed, an audit of the Iowa Merit Employment Department.

The Study Committee also reviewed background material furnished by the Legislative Service Bureau relating to various legislative oversight capabilities implemented in other states as well as the federal government. The Study Committee concluded that a number of persons should be invited to its next meeting who have experience in various aspects of legislative oversight including performance auditing, legislative post auditing, sunset laws, and zero-based budgeting. The Study Committee requested the Legislative Service Bureau to invite the following persons to its next meeting:

1. Mr. E. Newel Faust, Certified Public Accountant and member of the City Finance Committee.
2. Mr. Marvin Selden, State Comptroller.
3. A Colorado legislator familiar with the operation of the Colorado "Sunset Law".
4. A representative from the General Accounting Office, Kansas City Region, familiar with federal performance auditing operations.
5. Representative Richard Byerly.
6. Dr. Richard E. Brown, Legislative Post-Auditor, Kansas.

LEGISLATIVE OVERSIGHT CAPABILITIES STUDY COMMITTEE  
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The Study Committee also requests authorization from the Legislative Council to pay the expenses of out-of-state experts invited to provide testimony relating to legislative oversight and to pay the per diem and expenses of Representative Byerly to attend the next meeting of the Study Committee.

Respectfully submitted,

THANE R. JOHNSON  
Senior Research Analyst

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE LEGISLATIVE PROCEDURES STUDY COMMITTEE

The Legislative Procedures Study Committee has thus far held three meetings, on August 24, September 9-10 and October 7-8. Preliminary action has been taken toward submitting some or all of the following recommendations to the General Assembly, but all of these are subject to review and final approval as part of an inter-related package of recommendations the Study Committee hopes to present at the conclusion of its work:

1. Additional space for committee rooms should be made available to the General Assembly in the State House. (Many of the recommendations under consideration by the Study Committee hinge upon the availability of additional space in the Capitol for use by the Legislature).
2. Interim studies should be conducted primarily by standing committees. Each standing committee should be allowed to meet once early in the interim to decide upon study topics and numbers of meeting days. This proposed plan would then be submitted to the Legislative Council for approval, modification or disapproval. The Council would not be precluded from appointing special interim study committees if deemed appropriate.
3. Bills introduced either by standing committees meeting during the interim or by special interim study committees should be sent by the referring officer of the Senate or House to an appropriate standing committee upon convening of the next session. Appropriations Committee bills would be exempt from this procedure.
4. Senate and House rules should be changed to allow, or perhaps require, the referring officer of the Senate or House to rerefer any bill introduced by a committee to an appropriate standing committee (which would in many cases perhaps be the same committee that introduced the bill).
5. A constitutional amendment should be proposed under which newly elected or reelected legislators would take office early in December, and a short organizational session of the new General Assembly would be held at that time.
6. The rule governing fiscal notes should be clarified to indicate who is required to file a fiscal note, and when it should be printed or otherwise distributed.
7. The first six weeks of session should be structured as follows:

LEGISLATIVE PROCEDURES STUDY COMMITTEE  
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- a. The first week of the first session should be devoted to organization. (This is seen by some Study Committee members as an alternative to item 5.)
  - b. The next five weeks should be primarily devoted to meetings of appropriations subcommittees, each allocated perhaps four hours a day for three days a week, and meetings of other standing committees. One day of each of these five weeks would be available for whatever floor action the leadership decides is necessary or appropriate.
8. Immediately upon convening of each session, a steering or calendar-arranging mechanism should be initiated to organize a calendar and select bills for floor action. Combined with this would be abolition of the present deadlines for reporting bills from House committees.
  9. An abbreviated report of committee meetings should be printed in the journal, which would include the following items:
    - a. Time the meeting convened, and the time it was scheduled.
    - b. Attendance at the time the meeting convened.
    - c. A summary of dispositive action taken on bills.
    - d. Votes on bills reported out.
    - e. Time the meeting adjourned.

In addition to the foregoing, some policy statements which the Study Committee has under consideration, but has not yet decided upon, are:

- I. Leadership in both houses should agree upon the same number of standing committees in each house, and the standing committees' jurisdictions should be the same in each house.
- II. The rules of each house governing lobbyists should be identical.
- III. The leadership in each house should encourage the chairpersons of standing committees to develop and publicize agendas in advance of meetings.
- IV. The policy regarding dates on which bills passed by the General Assembly take effect should be modified, and greater use should be made of delayed effective dates.



LEGISLATIVE PROCEDURES STUDY COMMITTEE  
PROGRESS REPORT SUMMARY  
Page 3

Finally, the following additional areas have been discussed by the Study Committee, but no conclusions have been formulated:

1. Consolidation of certain standing committees, based upon workload.
2. Development of legislative staff, particularly staff assigned to standing committees.
3. Providing a more predictable calendar.
4. Revision of procedures relating to filing of amendments.
5. Limitations on filing of individual bills.
6. Continued and expanded television and radio coverage of the General Assembly.
7. Provision of a higher annual salary for members of the General Assembly, combined with elimination of per diem payments for interim meetings.
8. Changing the appropriations process by eliminating the full standing Appropriations Committees as they now function, and placing every member of the General Assembly on one of the joint Appropriations Subcommittees. There might be as many as seven of these subcommittees, which would report bills to the floor of each house through a screening or management committee. The latter would have the power to require a subcommittee to review an appropriation bill, but could not directly change it nor refuse to report it to the floor if the subcommittee insists.
9. Procedures for establishment of a date for adjournment of each regular session.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE ADULT PENAL AND CORRECTIONAL SYSTEMS STUDY COMMITTEE

1. The Adult Penal and Correctional Systems Study Committee consists of 10 members and is chaired by Representative Donald V. Doyle.

2. To date, the Committee has held 4 meetings:

a. The first meeting was held in Des Moines on August 25, 1976.

b. The second meeting was a 2-day meeting at the Men's Reformatory at Anamosa on August 31-September 1, 1976.

c. The third meeting was a 2-day meeting at the State Penitentiary at Ft. Madison with a half-day meeting at Mount Pleasant on September 23-24, 1976. At Mount Pleasant, Mr. Farrier explained plans for the new medium security facility for 150 men which is being established in Building 20 on the grounds of the Mental Health Institute at Mount Pleasant.

d. The fourth meeting was a subcommittee meeting at the Women's Reformatory at Rockwell City. We toured the new shirt manufacturing factory that recently opened at the institution.

3. The prime concern of the Committee this year seems to be the area of inmate employment, for many inmates at the Men's Reformatory and at the State Penitentiary simply do not have jobs, or they have very menial jobs. In response to this, some farms have been opened or reopened. For instance, Farm 3 is just opening at the Penitentiary. It will provide housing for some 65 inmates. The shirt factory at the Women's Reformatory employs 21 clients. Superintendent Wallman told the Committee that now there are jobs available for all clients at the institution.

The Committee is concerned about the use that state and local agencies are making of prison industries (Iowa State Industries). As a result, the Committee asked the Legislative Service Bureau to write letters of inquiry to 15 of the larger state agencies to determine the extent to which they use prison industries. To date, 13 of the 15 have responded. Responses indicate that all use Iowa State Industries to one extent or another. Some admit they could use them more.

The mandatory purchase section now in the law (section 246.23) was repealed by S.F. 85. The Committee requested that two versions of the mandatory purchase requirement be drafted for its consideration at the next meeting to be held on October 29, 1976.

4. The Committee is also concerned about the possibility of using inmates to work in county parks and on other such projects.

Progress Report  
Adult Penal and Correctional  
Systems Study Committee  
Page 2

5. The Committee is devoting the next meeting to informing itself about the conditions prevailing in county jails in Iowa. We will hear from the following on that topic: Mr. William Swassing, State Jail Inspector, and Mr. Harry C. Woods, Bureau Chief of the Bureau of Community Correctional Services, DSS.

- The Committee will also hear from Mr. James Felker of the Iowa Crime Commission on the Master Plan for Adult Corrections that the Crime Commission is working on. We expect a progress report from him. The Committee wants assurance that the Crime Commission is not duplicating efforts of the Advisory Commission on Corrections Relief.

- Finally, the Committee will meet with the Board of Parole on the afternoon of October 25.

This basically summarizes the progress of the Adult Penal and Correctional Systems Study Committee to date.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE JUVENILE JUSTICE STUDY COMMITTEE

The Juvenile Justice Study Committee, half of whose members also served on the previous juvenile justice interim committee, has met five times this fall, and plan at least five further meetings, including at least two public hearings<sup>1</sup>, before the start of the session.

The Study Committee is working from Senate File 1344, the most complete product of last year's interim committee work, and is proceeding through a section by section discussion of that bill, with input from observers who have represented the state probation officers association, the Legal Aid Society of Polk County, Polk County Juvenile Probation Office, the Department of Social Services, the League of Women Voters, and other interested groups.

The Study Committee has been assisted in its discussion by Professor Josephine Gittler of The University of Iowa College of Law, who is the primary drafter of Senate File 1344 and is acting as this Committee's consultant.

The Study Committee has made requests for drafting of possible changes in Senate File 1344 as the discussions have progressed. It has been decided to complete all discussions and then make the final decisions on drafting changes, suggested both by the Committee and by observers, in the order in which those suggestions would apply to the bill.

The Study Committee has also received testimony from Mr. Phil Smith of the Office of Planning and Programming and from Mr. Dave White of the Iowa Crime Commission concerning planned expenditures of money for community based juvenile facilities.<sup>2</sup> The Committee also met with the Juvenile Laws Committee of the District Court Judges Association to receive their suggestions, and with Ms. Jane McMonigle of the Department of Social Services who provided information on the operation of the two interstate juvenile compacts to which Iowa is a party.<sup>3</sup>

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1. Public hearings at Amana, Fort Dodge, possibly Red Oak
  2. Phil Smith spoke specifically about the plans for grants for the \$160,000 appropriated to the Department of Social Services to be administered by his office -- to be used for corrections, not delinquency prevention
  3. Interstate Compacts -- for return of runaways (Chapter 231) and for placement of children (Chapter 238)

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE PEACE OFFICERS RETIREMENT SYSTEMS STUDY COMMITTEE

The Study Committee has held two meetings, on August 27 and September 8. The charge of the Committee (SJR 1008) is to:

1. Make a detailed study of the pension needs of police and corrections officers, and investigate the possibility of combining all peace officers under a single public retirement system. An appropriation of \$6,500.00 has been provided for actuarial studies.
2. Study the possibility of joint investment by all public retirement systems' funds.

The Study Committee at the first meeting met with Mr. Chuck Farr to discuss implications of the Pension Reform Act of 1974. Mr. Farr explained that the trend is to combine retirement systems into a single system to provide unified funding, centralized investment and portability of retirement coverage from one employer to another. The Committee heard testimony from Mr. Gene Kennedy representing the Sheriffs and Deputies Association, Mr. Reynold Hentges from the State Fire Marshal's Office, and Lieutenant Colonel Marsh from the State Department of Transportation Enforcement Officers.

The Study Committee also approved the bidding procedures required before contracting for retirement actuarial services as required by House File 1251. These rules were submitted to the Legislative Council on September 8, 1976 and approved.

At its second meeting the Committee voted to include the following in the actuarial studies upon which bids are to be received:

1. Corrections officers at Iowa penal institutions.
2. Full-time police officers in cities with a population of less than 8,000.
3. Sheriffs and deputy sheriffs.

Because these individuals are presently covered under IPERS almost all information necessary to conduct the study is on computer accessible data files at the Department of Job Service. Unfortunately it cannot be retrieved by occupation so the staff, with the assistance of Mr. Kennedy and Mr. John Thalacker of the Department of Social Services' Corrections Division, has requested that the social security number of each police officer in the 288 cities with a population of under 8,000, all sheriffs and deputy sheriffs and all applicable corrections officers be collected and forwarded to the Legislative Service Bureau.

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When this information is collected or a sufficient amount has been collected to allow the actuaries to estimate retirement benefit costs through a statistical sampling technique, then notice will be published in statewide newspapers. Not less than fifteen days subsequent to publication bids will be opened at a meeting of the Legislative Council. A firm will be chosen and information will then begin to be processed. Alternatively, if bids are not received, a firm will be chosen by either the Council or by the Study Committee if the Council delegates the responsibility.

On October 12, Mr. Kennedy indicated that information had been received from 59 of the 100 counties. Mr. Thalacker stated that information on corrections officers had been forwarded to the Legislative Service Bureau.

The following steps must be taken with the Legislative Council playing a key role in the bidding procedure.

1. A notice will be published in a newspaper of statewide circulation soliciting bids for actuarial services, which will have to be based upon the sample represented by the peace officers for whom data is accessible.
2. Fifteen days after the publication of notice for bidding, the Legislative Council or a delegate of the Legislative Council shall open the bids and either select the lowest bid, choose a higher bidder giving the reasons for the choice or reject all bids and select a firm to perform the study.
3. Once a firm is selected they shall be notified and shall be required to have a final report not later than 45 days after all of the information necessary for them to perform the study has been furnished to them by the Department of Job Service.
4. In the latter part of December, information will be available for the Study Committee to consider in assessing any proposed legislation.

It should be noted that the extended delay has been necessitated by the following two factors:

1. The requirement that public bidding procedures be implemented prior to incurring any services. This required a delay between the time the rules were approved by the Committee and finalized by the Legislative Council. The Committee was required to specify exactly the type of service required which meant the exact product desired. Because retirement benefits is a complex area, the Committee had to decide the information desired without the close assistance of an actuarial firm -- the Committee

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solicited the assistance of some actuaries. Once a bid is approved the services are fixed, which precludes the Committee from requesting additional information from the actuaries which might be required because of questions raised by the original information received by the Committee.

2. The information on each employee to be studied is not readily accessible from the computers of the Department of Job Service. This required the Committee to gather information from 288 cities and 99 counties, as well as from appropriate state agencies.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE VOCATIONAL-TECHNICAL EDUCATION SUBCOMMITTEE

The Vocational-Technical Education Subcommittee held three meetings on August 24, October 4 and October 5. The authority and directive of the Committee in House Concurrent Resolution 142 requires that the Subcommittee study the existing funding provisions for programs providing saleable occupational skills to pupils graduating from secondary education.

At the first meeting the Subcommittee reviewed the existing program for providing vocational education, the avenues of federal funding and the projected federal fund availability. Career education specialists from the Department of Public Instruction appeared before the Subcommittee. It was reported that the Department has provided incentives for local school districts to initiate vocational education programs, either alone or cooperating jointly, often using facilities at the 15 merged area schools. The Department funds new programs -- teachers' salaries and travel -- in successive years at 80%, 60% and 40%. Ongoing funding for vocational education programs comes from appropriations to the Department of Public Instruction and the funds are prorated to provide ongoing operation support, this year at 23% and next at 17%. While the vocational education enrollment has risen 132% above the 1966 enrollment to 74,260 pupils, the funds have increased only 25% in the same period to \$4.4 million from \$3.5 million. 353 of Iowa's 450 school districts offer at least one vocational education program; 245 offer 2 programs or less and only 19 school districts offer 5 or more subjects. In general the funds for vocational education are decreasing in proportion to the rapidly increasing demand by students for occupationally qualifying education at the secondary (7-12) level.

With the assistance of the Department of Public Instruction, a series of nine questions has been designed to elicit useful information about the need, effectiveness, expansion, funding, state support and labor market demand for vocational-technical education. Persons from educational and community organizations and school administrators were invited to appear before the Subcommittee at the second meeting and respond to these questions and make constructive suggestions.

At its second meeting the Subcommittee solicited and received testimony from 19 organizations and individuals in an attempt to assess the public and administrative demands for vocational education. The Subcommittee was acquainted with various funding alternatives, existing cooperative programs administered with the assistance of the merged area colleges. A typical example is merged area V at Storm Lake which offers a wide diversity of vocational education programs. One class built a house last year from the foundation up. At six attendance centers throughout the area, 33 school districts have cooperated to provide children with the meaningful occupational education leading to saleable skill levels upon graduation from high school.



# VOCATIONAL-TECHNICAL EDUCATION SUBCOMMITTEE

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The testimony suggested that the demand for vocational education is substantial, small school districts are unable to support more costly vocational education programs when faced with budget limitations and declining enrollment. Initial equipment costs for vocational education are very high and replacements for obsolete equipment are badly needed yet fiscally beyond the capabilities of the majority of school districts.

At its third meeting the Subcommittee reviewed the Department of Public Instruction's analysis of the labor market demand for certain skill qualified pupils. Based upon all information received, the Subcommittee requested a detailed list of information from the Department of Public Instruction to be supplied to Committee members at least one week prior to the next scheduled meeting. The questions cover a wide range of information designed to assist the Committee to answer and propose bill drafts for the following questions:

1. What do we need?
2. What will it cost?
3. What can we afford?
4. How is the money to be supplied to finance vocational education?

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE CORPORATE FARMING SUBCOMMITTEE

The Corporate Farming Subcommittee of the Standing Committees on Agriculture has held two meetings, on August 26th and September 15th, and is requesting one more meeting to be held on November 8th. The Subcommittee feels that another meeting is required to thoroughly examine the corporate farm reports that the Secretary of State will have summarized by November 8th. A reporting form analysis to be used in detailing this information was approved by the Subcommittee.

The Subcommittee as a result of testimony given at the two previous meetings has requested four bill drafts to be prepared by the Legislative Service Bureau for approval at the proposed next meeting. All of the bills are refinements of House File 215 and perhaps they might be consolidated to one bill.

It is felt that a comprehensive report of the corporate farm, limited partnership, and nonresident alien ownership and operation of Iowa farm land will be available to the legislature by next session.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE FUNDING OF UNEMPLOYMENT COMPENSATION SUBCOMMITTEE

The Funding of Unemployment Compensation Subcommittee's authority under Senate Concurrent Resolution 122 is to conduct a study into the funding alternatives available for the unemployment compensation trust fund.

At its first meeting, on September 24, the Subcommittee listened to a presentation by Mr. David Beard, Actuary, Department of Jobs Service. Mr. Beard explained the current system for funding unemployment compensation. He also explained and illustrated the "Array" system of funding unemployment compensation benefits.

Mr. John Peters from the Department of Jobs Service informed the Subcommittee that at the beginning of calendar year 1976 the Iowa unemployment trust fund balance was \$63 million. On September 17, 1976 \$70 million had been collected in revenues, \$83 million paid in benefits payments leaving a balance of \$50 million. It was also explained that the majority of the revenues has been generated for the year, and high benefit payments will continue to deplete the trust fund. Mr. Beard explained that unless the advance payment provision is implemented for the first quarter of 1977, the trust fund may drop to a low of \$6 million by March 31, 1977, prior to receipt of any revenue generated by the 0.9% add-on tax passed during the 1976 Session of the 66th General Assembly. It was suggested that the 0.25% emergency trigger add-on tax would be implemented in October of 1977. If implemented, payments will be required of employers on all covered wages paid during the 1977 calendar year.

The next meeting of the Subcommittee is scheduled to be held Wednesday, October 20. At that meeting the Subcommittee is scheduled to hear Mr. Ely Artenberg, a leading authority on financing unemployment compensation. At the third meeting legislative draft proposals will be finalized and any bill drafts requested at the meeting on the 20th will be considered for final approval.

SUMMARY OF PROGRESS REPORT TO THE LEGISLATIVE COUNCIL FROM  
THE RESTAURANT INSPECTION SUBCOMMITTEE

1. The Subcommittee consists of 6 members and is chaired by Senator George Kinley.

2. The purpose of the Subcommittee is to study the food service inspection system in Iowa to ensure that sanitary conditions prevail in all food service areas in the state including: restaurants, schools, day care facilities, summer camps, nursing homes, hospitals, and residential care facilities.

3. The Subcommittee has had one, full 2-day meeting on September 20-21, 1976 where we heard from representatives of all levels of government involved in restaurant inspection (federal, state, and local). We also heard from representatives of the restaurant industry.

a. At the local level, we heard from Mr. Thomas Corothers of the Sioux City-Woodbury County Health Department, from Mr. Roger Grunow of the Des Moines-Polk County Health Department, and from Dr. Hazlet of the Dubuque Health Department.

b. At the state level, we heard from Mr. Thatcher Johnson and Mr. Earl Revell of the Department of Agriculture, from Mr. Laverne Carpenter of the Department of Public Instruction, and from Mrs. Anna Katherine Jernigan of the Department of Health.

c. At the federal level, we heard from Mr. Oscar L. Honomichl of the Regional Food and Drug Administration in Kansas City.

d. From the industry, we heard from Mr. Peter Canakes of the Iowa Restaurant Association and from Mr. John Brockway of the Hotel-Motel-Motor Inn Association.

- The Subcommittee discussed a number of alternatives and possible recommendations. The Subcommittee asked the Legislative Service Bureau to prepare three bill proposals for its consideration at the next meeting to be held on October 25, 1976. One would assign all food service establishment inspections to the Department of Health, the second would divide these responsibilities between the Department of Health and the Department of Agriculture, and the third would place these functions with local boards of health.

4. At the October 25 meeting, the Subcommittee plans to hear presentations from the following:

- a. The Honorable R. H. Lounsberry, Secretary of Agriculture
- b. Mr. Norman L. Pawlewski, Commissioner of Public Health
- c. Mr. Donald Cleveland, Iowa State Association of Counties, and

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d. Dr. William Hausler, Jr., Director, State Hygenic Laboratory at the University of Iowa. Local boards of health often use the facilities at Iowa City.

- The Departments of Health and Agriculture will present estimates to the Subcommittee as to the impact of each of the three bill proposals on their respective departments. That basically summarizes the progress of the Restaurant Inspection Subcommittee to date, except it will probably complete its work within three meetings by the end of November.

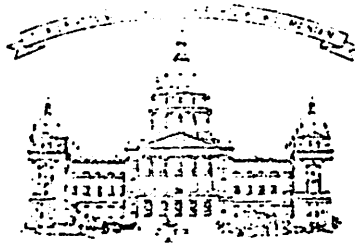
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CHRISTINE PATTEE

## Human Resources Committees

## General Assembly

STATE OF IOWA

STATE HOUSE

Des Moines, Iowa 50319

July 26, 1976

PHONE: (515) 281-5268

TO: House and Senate Human Resources Committees  
FROM: Christine Pattee, Committee Staff  
RE: Policy Issues Pertinent to Certificate of Need Legislation

### I. Intent

The intent of CON is to control health care costs by limiting the number of new facilities or new beds in hospitals and nursing homes. The legislation could also include other facilities and even specific kinds of services such as kidney dialysis machines. CON is one type of cost control method and works by legal prohibition of unnecessary capital investment. Two other major methods are: financial controls, which tie eligibility to receive funds to planning agency approval; and rate regulation, which controls what providers may charge.

CON is relatively new, only five states having enacted such legislation before 1970. It is becoming increasingly common and now well over one-half the states have CON laws.

### II. Does It Work

Most evidence on whether CON actually does control costs is inconclusive. This is because studies to date have calculated savings brought about by disapprovals of building applications. This method is bound to show a savings but doesn't include cost areas not covered by CON. Salkever and Bice (1976) studied total health investment expenditures in states with and without CON. They concluded that

"CON did not reduce the total dollar volume of investment but altered its composition, retarding expansion in bed supplies but increasing investment in new services and equipment.... this finding may be due to (1) the emphasis in CON laws and programs on controlling bed supplies and (2) a substitution of new services and equipment for additional beds in response to financial factors and organizational pressures for expansion."

The increase of service expenditures was unanticipated but not difficult to explain, as, for instance hospitals may compete for doctors by purchasing fancy new equipment.

An even more recent report (of which I have seen only a summary) suggests that to be effective, CON must be combined with rate regulation and based on well developed need projections, review criteria and data resources.

### III. Problems In Making CON Work

There are two areas which present serious problems in implementing CON controls. First, there must be clear criteria for determining need for new facilities. At present the state of the art in developing bed and service need formulas is low. In order to develop and use effective guidelines, highly trained staff will be required. Adequate funding is a necessity if CON legislation is to be meaningful.

Second, there is a potential pitfall common to all regulatory agencies. The regulators may become the focal point for industry lobbying and ultimately come to serve the welfare of the regulated industry instead of the public interest.

### IV. Federal Requirements

Under Section 1523 of P.L. 93-641, states will have to pass CON legislation in order to be eligible for federal reimbursements. Exactly when the states would be required to adopt CON laws and what they would include is not yet finalized. On March 19, interim regulations were issued in the Federal Register. Comment on them was so heavy that many parts were changed and the section pertaining to CON was deleted. New regulations are expected by September.

Federal law also clearly requires that the state agency (to be designated by the Governor) is to run the CON program and final decisions rest with the state. We can anticipate some real jockeying over this between the well-funded and -staffed HSA covering most of Iowa and the state planning agency which to date has a very poor record in the area of health planning.

### V. Who Does and Doesn't Want CON

The American Hospital Association and its state affiliates have been leaders in the fight for CON. This support lends some credence to the "capture theory" of regulators by regulatees. However, hospitals all

over the country, including Iowa, are over-bedded, and they lose money on empty beds. Therefore, it is to the hospitals' advantage to limit the number of beds built and to control entry of new competitors. Furthermore, hospital administrators can use CON restrictions as an argument to doctors as to why they can't expand. In general, medical associations have not taken a strong stand on CON. CON is generally supported by third party payors such as Blue Cross and by unions and consumer groups.

I don't know what the position of nursing home organizations would be. In Iowa, they have so far resisted all efforts to cut back the number of new nursing homes being built.

Health planning agencies will be major participants in discussions of CON. What used to be comprehensive health planning (CHP) councils are now health systems agencies (HSA's). Under Section 1122 of the Social Security Law, CHP councils had some responsibility for regulating the building of new health facilities. Health planning agencies support regulatory efforts and the discussion will be around who has the power and how much power anybody is going to have. Iowa's existing 1122 program at the state level is small and has prevented no new construction. Builders simply appeal denials and virtually all appeals have granted the right to build. I am not familiar with the record of the areawide CHP councils in limiting construction, but around the country their impact has been quite limited. Even big, well funded agencies with well developed health plans were only allowed to "review and comment" and were able to apply no sanctions to prohibit new construction.

As far as I know, there is no organized opposition to CON legislation. However, there are, of course, many people who object on general principles to extension of any regulatory power by the state. The major discussions will be over what facilities and services should be included for review, how the program is to be administered, the adequacy of review criteria for determining need, and what level of funding it will receive.

CP:va