

FISCAL UPDATE

November 27, 2007

Legislative Services Agency

(515)-281-5279 FAX 281-8027

<http://staffweb.legis.state.ia.us/lfb>

BOARD OF CORRECTIONS MEETING

Board Meeting



Religious Services

The Board of Corrections met November 2 at the Fort Dodge Correctional Facility. Warden Cornell Smith welcomed the Board to the facility. Director John Baldwin announced that John Mathes has accepted the position of Superintendent at the Mount Pleasant Correctional Facility.

Pastor Carroll Lang provided information regarding his agency's services at the Fort Dodge Correctional Facility, as well as the North Central Correctional Facility at Rockwell City. The Church of the Damascus Road provides marriage counseling, baptisms, aftercare, and mentoring. The services are provided at no cost to the State.

Education

Director Baldwin announced the education programs at the Fort Dodge Correctional Facility and the North Central Correctional Facility at Rockwell City have received accreditation. The Department of Corrections (DOC) contracts with local community colleges for these services.

Employee Recognition

Warden Smith and Associate Warden Bob Johnson recognized staff for receiving the Governor's Golden Dome awards for excellence and volunteering, in addition to the Department of Public Safety Team Award.

Offender Banking

Business Manager Dru Saathoff provided an overview of the offender banking system. The DOC recently centralized the banking system within the prison system. Receipts are now centralized at Fort Dodge, while obligations are paid from Fort Madison. A Request for Proposal (RFP) was issued and U.S. Bank was the successful vendor.

Dual Diagnosis Program

First Community-Based Corrections (CBC) District Director Karen Herkelman provided information regarding the Dual Diagnosis Program for men in Waterloo. The Program is based in the residential facility and provides integrated treatment for offenders with co-occurring disorders.

Substance Abuse Audit

Deputy Director Jeanette Bucklew presented highlights of the DOC's performance audit report for CBC's Substance Abuse Treatment for the High Risk Offender. Key findings include:

- Approximately 53.4% of higher risk offenders with substance abuse treatment needs leave CBC supervision without treatment.
- Community-based treatment lowers recidivism.

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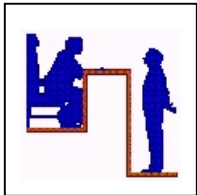
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Drug Courts	Research Director Lettie Prell presented information about Drug Courts. The LSA recently issued an Issue Review for adult drug courts, which may be viewed at http://www.legis.state.ia.us/Fiscal/ireview/ .
Residential Facility	Jeff Larson, Residential Division Manager for the Second CBC District Department, updated the Board on the construction project of a new residential facility in Fort Dodge. The 60-bed facility will house 48 men and 12 women. It replaces a 34-bed facility that is currently rented.
Future Meetings	The Board is scheduled to meet January 4, February 21, and March 7 in Des Moines.
Additional Information	Additional information is available from the LSA upon request. Board agendas, minutes, and other related information may be accessed from the DOC's web site at: http://www.doc.state.ia.us/default.asp

STAFF CONTACT: Beth Lenstra (Ext. 16301)

STATE PRISON SYSTEM PLANNING STUDY COMMITTEE

Meeting	The State Prison System Study Committee met November 14 at the State Capitol. The Committee received testimony from Director John Baldwin, Department of Corrections (DOC), who provided a review of the Durrant Group study, the Board of Corrections' recommendations, and a timeline for construction.
Beds	District Directors from the First, Third, Fifth, and Eighth Community-Based Corrections (CBC) District Departments provided an overview of their operations, as well as residential facility operations.
State Treasurer	Steve Larson and Stephanie Devin, State Treasurer's Office, provided information on different bonding options. They also provided detailed information regarding the Prison Infrastructure Fund.
Committee Action	<div></div> <p>The Committee discussed and approved the following recommendations to the General Assembly:</p> <ul style="list-style-type: none">• Construct a new maximum security prison for men at Fort Madison. The DOC and the Durrant Group are directed to further explore potential uses of remaining buildings within the walls at Fort Madison.• Expand the Iowa Correctional Institution for Women at Mitchellville.• Expand the Newton Correctional Facility.• Expand CBC bed capacity in Waterloo, Sioux City, Des Moines, and Ottumwa.• Consider adoption of policies that promote more efficient use of State resources, keep Iowans safe, and reduce recidivism rates by:<ul style="list-style-type: none">• Greater use of CBC.• More special diversion programs.• Increase support for substance abuse and mental health treatment.

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- Increase support for education and training programs.
- Commit to Evidence-Based Practices.

More Information

Additional information is available from the LSA upon request or by viewing the LSA web site at:
<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=214>.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Acton (Ext. 17846)

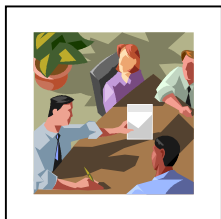
ENERGY EFFICIENCY STUDY COMMITTEE**Energy Efficiency Meetings**

The Energy Efficiency Study Committee met on October 18 and November 13. The Committee received information related to the Iowa Utilities Board requirements and oversight of the utilities' current energy efficiency efforts, energy reduction technology, energy efficient buildings and construction concepts, and energy efficiency financing and investment.

Recommendations

The Committee members approved the following recommendations to the General Assembly:

- Set an energy efficiency goal of 1.5% per capita per year.
- Encourage green building construction and renovation, and provide tax incentives for the construction and rehabilitation of green buildings.
- Provide basic energy efficiency services statewide for all Iowa families and businesses.
- Improve compliance with the State Building Energy Code.
- Provide low-income energy efficiency efforts.
- Encourage the Iowa Power Fund to invest in energy efficiency.
- Integrate planning with energy efficiency (Minnesota model), including Renewable Energy Certificates (REC) and Municipalities.
- Establish a third-party administration pilot project.
- Establish an Energy Efficiency Summit to promote statewide sharing of programs and cooperation.
- Establish an advisory council on energy efficiency for the Office of Energy Independence.
- Require an economic impact assessment of energy efficiency programs.
- Provide better consumer education.
- Continue to study load management.
- Provide easier implementation of energy efficiency programs for customers, including providing a list of available contractors.



Additional Recomm.

Although not discussed, the Committee recommended the following ideas be considered:

- Transportation efficiency improvements.
- Promote cogeneration of electricity to improve energy efficiency in electrical production.
- Promote better workforce training to improve energy efficiency.

More Information

Additional information is available from the LSA upon request or by viewing the LSA web site at:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=217>.

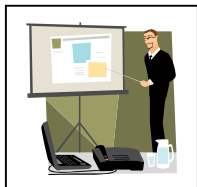
STAFF CONTACT: Deborah Helsen (Ext. 16764)

GOVERNMENT OVERSIGHT MEETING

Oversight Meeting

The Joint Government Oversight Committee met on October 29 and 30. The meeting focused on issues relating to the operation of the Iowa Student Loan Liquidity Corporation (ISL), overall student debt in Iowa, and credit card solicitation practices on campuses within the State.

Presentations



The Committee heard presentations from several people, including: Warren Jenkins, Chief Deputy Auditor of State; Robert Shireman, President, Institute for College Access & Success, Inc.; Karen Misjak, Director, Iowa College Student Aid Commission; Steve McCullough, President and CEO, and Tom Gronstal, Board Member, of ISL; several student representatives from the three Regents universities; financial officials and representatives from alumni organizations of the Regents universities; Tom Miller, Attorney General, State of Iowa; Nancy Wallace, Alumni Programs Director, Graceland University; and Laurie Wolf, Executive Dean of Student Services, Des Moines Area Community College, and Don Duzik, Director of Financial Aid, Western Iowa Tech Community College, representing community colleges.

Student Debt

According to several of the presenters, student loan debt in Iowa is one of the highest in the country. According to Robert Shireman's "The Project on Student Debt," 74.0 % of Iowa's graduating seniors had student loan debt averaging \$23,680, compared to 58.0% of seniors nationally carrying an average debt load of \$18,918. For an in-depth discussion of Iowa student debt, see the **Issue Review** entitled, "Iowa College Student Debt" published by the Fiscal Services Division of the LSA. Copies of the **Issue Review** may be accessed on the LSA web site at:

<http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRMDf001.PDF>.

More Information

The next Government Oversight meeting is scheduled for December 17 and 18 in the Supreme Court Chamber. Handouts from the October meeting are available on the LSA web site at:

http://www.legis.state.ia.us/scripts/docmgr/docmgr_comdocs.dll/showtypeFC?id=true&type=ih&com=41. A briefing of the presentations at this meeting can be found in the next issue of the 2007 Calendar and Briefing Report at: <http://www.legis.state.ia.us/Current/Interim/>.

STAFF CONTACT: Marcia Tannian (Ext. 52062) Douglas Wulf (Ext. 13250)
Rick Nelson (Ext. 25822)

NATURAL RESOURCE COMMISSION MEETING

Commission Meeting

The Natural Resource Commission met on November 8 in Des Moines.

Land Acquisition



The following land acquisitions were approved:

- A purchase of 159.8 acres adjacent to Stone State Park in Woodbury County for the appraised price of \$205,000. Funding is provided from the Resource Enhancement and Protection (REAP) Fund.
- A purchase of 160.0 acres near the Christopherson Slough in Dickinson County for \$160,000. Funding is provided from the North American Wetland Conservation Act (NAWCA) Fund.
- A donation of 57.5 acres on Big Spirit Lake in Dickinson County.
- A purchase of five acres on Big Spirit Lake in Dickinson County for \$25,000. Funding is provided from the Wildlife Habitat Stamp Fund.
- A purchase of a permanent conservation easement on 358.5 acres in Allamakee County for \$389,000. Funding is provided from the federal Forest Legacy Federal Funds.

Administrative Rules



The following Administrative Rules were approved:

- Final Rule on license regulations related to multiple offenders.
- Notice of Intended Action on nonresident deer hunting rules.
- Notice of Intended Action on water trails and the Low-Head Dam Safety Program.
- Final Rule on rules of practice for contested cases.

Contract

The Commission approved a five-year contract with Iowa State University (ISU) for a study on lake restoration activities. The cost is not to exceed \$674,000, and funding is provided from the Lake Restoration Fund.

Honey Creek Resort



The Commission approved the following payments related to Honey Creek Resort State Park:

- A contract for \$1.8 million for construction of the sanitary sewer systems. The Department's estimate was \$2.3 million.
- A contract for \$728,000 for construction of the golf course clubhouse and maintenance building. The Department's estimate was \$827,000.
- A payment of \$7,000 to Regency Hotel Management Company for salary reimbursement for September.

More Information

The next meeting is scheduled for December 13 in Des Moines. Additional information is available from the LSA upon request. Commission agendas, minutes, and other related information may be accessed from the DNR's web site at: <http://www.iowadnr.com/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

SUSTAINABLE FUNDING FOR NATURAL RESOURCES STUDY COMMITTEE

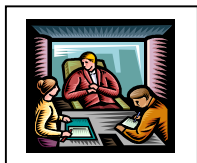
Committee Meeting

The Sustainable Funding for Natural Resources Funding Study Committee met on November 1 and 2 in Des Moines.

November 1

The following was discussed at the November 1 meeting:

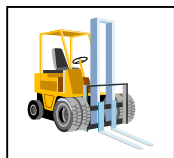
- Dan Cohen, member of the Sustainable Natural Resource Funding Advisory Committee, discussed funding mechanisms that would raise \$150.0 million. This includes charging a gambling admission fee, proposing a 3/8% sales tax, and dedicating profits from lottery sales.
- Duane Sand, Advisory Committee, provided information on how other states raise money for natural resources. This includes bonding, gaming revenue, sales tax, and a severance tax.
- A panel discussion on the needs for additional funding for conservation and natural resources. The panel included Bill Northey, Secretary of Agriculture; Barb Finch, Iowa Farm Bureau; Dave Van Waus, Pheasants Forever; and Jon Kruse, Ducks Unlimited.
- Mark Ackelson, Iowa Natural Heritage Foundation, discussed conservation tax credits.



November 2

The second day of the Study Committee included the following presenters:

- Dan Otto, Iowa State University, provided economic information related to natural resources, lake improvements, State parks, and trails.
- Jeff Robinson, Legislative Services Agency (LSA), discussed taxation issues that include sales tax, real estate transfer tax, and lottery revenue.
- Marcia Tannian and Dave Reynolds, LSA, discussed funding sources to the infrastructure funds which include the Rebuild Iowa Infrastructure Fund, the distribution of State wagering tax, and other related funds.
- The following representatives from other states were also present to discuss funding:
 - Representative Lucy Allen, North Carolina General Assembly.
 - Representative Jason Brown, Missouri General Assembly.
 - Senator Dennis Frederickson, Minnesota General Assembly.
 - Bob Garner, Michigan Natural Resources Trust Fund Board.



More Information

The next Study Committee meeting will be held on December 11 in Des Moines. For more information, refer to the following web site: <http://www.legis.state.ia.us/Current/Interim/>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767) Doug Adkisson (Ext. 13884)

VETERAN'S HOME OWNERSHIP ASSISTANCE PROGRAM

Home Ownership Program	As of the end of October 2007, the Veteran's Home Ownership Assistance Program has provided 999 veterans with funds to use toward the purchase of a home. With the maximum assistance of \$5,000, the average amount received was \$4,594.
Program Appropriations	The Program's appropriations have totaled \$6.0 million, with a remaining balance of \$1.4 million. The balance does not include contingent appropriations of an estimated \$550,000, dependent on the need for funding for the Program. The balance does include subtraction for the \$70,000 transferred for administrative costs and the Enduring Families Program.
More Information	Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

**ISSUE REVIEW – OUTSTANDING OBLIGATIONS OF
SELECTED STATE DEBT**

Issue Review	The Fiscal Services Division of the LSA recently published an Issue Review that provides an overview of the outstanding debt of certain bonds and lease purchase agreements of various State entities.
Debt Policy	The Issue Review provides a general discussion on debt policy and ways the structure of the bond indenture may affect the State's bond ratings. In particular, the discussion focuses on moral obligations and other requirements structured in the bond agreements.
Selected State Debt	The Issue Review summarizes outstanding obligations to which the State has committed specific revenue sources to pay the debt service. As of June 30, 2007, total outstanding principal and interest was \$727.2 million. The different debt types, budget impact, and annual debt service payments are reviewed. In addition, the Issue Review provides a summary of two types of self-supporting debt that do not constitute a liability of the State – Tobacco Bonds and the Honey Creek Premier Destination State Park.



State of Iowa Debt
Annual Debt Service Payments

(Dollars in Millions)

	FY 2008	FY 2009	FY 2010
Regents Academic Revenue Bonds	\$ 25.8	\$ 29.2	\$ 25.7
Vision Iowa Bonds	15.8	15.9	15.9
Prison Construction Bonds	8.4	8.4	8.4
Underground Storage Tank Bonds	8.9	8.9	8.9
School Infrastructure Bonds	3.5	3.5	3.5
State Agency Lease Purchases/Loans	1.4	0.8	0.6
Lottery	2.1	0.2	0.2
Judicial Districts	0.5	0.2	0.2
Total	<u>\$ 66.4</u>	<u>\$ 67.1</u>	<u>\$ 63.4</u>

Correction

On page 6 of the **Issue Review**, in the discussion on the Honey Creek bonds, HF 875 is referenced as the FY 2007 Infrastructure Appropriations Act. This citation is incorrect. It should be the FY 2006 Infrastructure Appropriations Act. The authors apologize for any inconvenience.

More Information

Copies of the **Issue Review** may be accessed on the LSA web site at: <http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRDLR001.PDF>. Additional information is available upon request.

STAFF CONTACT: Marcia Tannian (Ext. 52062) David Reynolds (Ext. 16934)

ISSUE REVIEW – FARMER'S MARKET OVERVIEW

Issue Review

The Fiscal Services Division of the LSA recently published an **Issue Review** that provides an overview of the Farmer's Markets held in Iowa.

Background Information

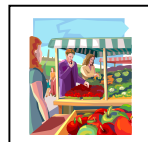


A farmer's market is where producers of locally-grown fruits and vegetables sell directly to customers. The Department of Agriculture and Land Stewardship (DALs) administers the Farmer's Market Programs and provides organizing assistance and annual training workshops to market managers across the State.

Current Status

In Iowa, there are 177 authorized farmer's markets, with approximately 1,600 vendors selling to more than 135,000 customers. Annual sales are estimated at \$20.8 million, with an estimated \$30.0 million economic impact on Iowa's economy.

Funding



For FY 2007, the DALs received a total of \$775,000 for the Farmer's Market Program, including \$543,000 in federal funds and \$225,000 from the General Fund. The DALs also received a total of \$482,000 for the Senior Farmer's Market Program, including \$405,000 in federal funds and \$77,000 from the General Fund.

Copies Available

Copies of the **Issue Review** may be accessed on the LSA web site at: <http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRDFK000.PDF>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ISSUE REVIEW – IOWA COLLEGE STUDENT DEBT

Issue Review

The Fiscal Services Division of the LSA recently published an **Issue Review** examining the trends in debt accumulated by Iowa's college students who earn a bachelor's degree, and the impact on the graduate's ability to repay the student loans.

Background

Iowa ranks near the top nationally for average student debt and for the percentage of graduates with student loan debt. According to the Iowa College Student Aid Commission, 72.5% of the 14,372 graduates in the 2005-2006 academic year had debt averaging \$24,990. The combined debt totaled \$260.2 million.

Student Debt

After adjusting for inflation, student debt for the University of Iowa graduates has increased slightly since 1995-1996. Iowa State University and the

University of Northern Iowa show increases in student debt exceeding 40.0% over this time period.

Financial Aid

Over the past decade, the use of financial aid to pay the budget costs of a college education (tuition and fees, room and board, nine-month allowance for books, transportation, and personal expenses) increased from 41.5% of the budget costs to 44.7%. Reliance on scholarships increased from 18.2% to 19.1% of the budget costs, while work study decreased from 3.6% to 2.0% of budget costs. The use of loans accounted for most of the change in financial aid, growing from 18.6% of budget costs to 23.6%, an increase of 4.9% or \$164.8 million in 2006 dollars.

Loan Repayment



Using the 8.0% of starting salary guideline for determining the maximum feasible (affordable) level of debt repayment recommended by the College Student Aid Commission, a graduate with an average student debt load would need a starting salary of \$43,950. Of the five professions examined (chemical engineer, accountant, market research analyst, elementary teacher, graphic designer), only chemical engineering graduates would be able to afford the average student's loan payments. The average starting teacher with average student debt would pay an estimated 15.8% of his or her salary for loan repayments.

More Information

Copies of the **Issue Review** may be accessed on the LSA web site at: <http://www.legis.state.ia.us/Isadocs/IssReview/2008/IR MDF001.PDF>
Additional information is available from the LSA upon request.

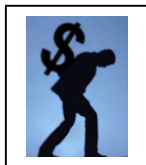
STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

ISSUE REVIEW – OUTSTANDING COURT DEBT

Issue Review

The Fiscal Services Division of the LSA recently published an **Issue Review** that provides information on outstanding court debt, including various collection methods and possible alternatives to address the increasing debt.

Background



Outstanding Debt

Over the past 10 years, enacted legislation has increased imposed judicial fine, penalty, fee, court cost, and surcharge amounts. Although additional revenue has been collected over this timeframe, collection rates have decreased. This is reflected by the increasing amount of outstanding court debt. Outstanding court debt does not include restitution, child support, or civil judgments.

Currently, there is no way to estimate the amount of outstanding court debt that is uncollected, since all debt is categorized as owed until paid, regardless of extenuating circumstances. The Judicial Branch, however, is developing methods for aging outstanding court debt. From FY 1998 to FY 2007, outstanding court debt increased \$310.3 million (216.4%). The average monthly increase in outstanding court debt is \$2.7 million per month. For FY 2007, outstanding court debt totaled \$453.7 million, an increase of \$41.2 million from FY 2006 (10.0%).

Collection Methods

There are currently seven ways to collect outstanding court debt, including Clerks' Noticing; Centralized Collection Unit (CCU); Income Tax, Vendor Offset, and Lottery Winnings; Vehicle Registration Renewals; Driver's License Reinstatement; County Attorney Collections; and Show Cause Hearings.

Budget Impact Any court debt over two years old that is collected, and is not in a county attorney payment plan, is deposited into the Jury and Witness Fee Revolving Fund. The Fund is used to reimburse juror and witness fees and mileage. The estimated balance carryforward in the Fund for FY 2008 is \$5.9 million.

More Information Copies of the **Issue Review** may be accessed on the LSA web site at: <http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRJDA000.PDF>. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

ISSUE REVIEW – REVITALIZE IOWA'S SOUND ECONOMY (RISE) PROGRAM

Issue Review The Fiscal Services Division of the LSA recently published an **Issue Review** that provides information on the Revitalize Iowa's Sound Economy (RISE) Program and the recent changes in RISE funding provided in HF 932 (TIME-21 Fund Act).

Background The RISE Program was implemented in FY 1986, and is used for the establishment, construction, improvement, and maintenance of roads and streets that promote economic development in the State. Prior to FY 2008, the Program was funded through a Road Use Tax Fund allocation in an amount equal to 2.0 cents per gallon from the excise tax on motor fuels and special fuels, and allocated to the State's Primary Road Fund (1.0 cent), city RISE share (0.5 cent), county RISE share (0.05 cent), and county Secondary Road Fund (0.45).

House File 932



House File 932 (TIME-21 Fund Act) modified the 2.0-cent funding formula by adjusting the Secondary Road Fund portion so that an amount equal to 0.20 cents per gallon was redirected to the county RISE share. As a result, the counties' Secondary Road Fund will realize an estimated decrease of \$4.6 million, while the county RISE share will realize an increase of the same amount for FY 2008. The State and city RISE allocations remain unchanged.

More Information Copies of the **Issue Review** may be accessed on the LSA web site at: <http://www.legis.state.ia.us/lsadocs/IssReview/2008/IRMBM000.PDF>. Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)