

STATEHOUSE NEWS

February 26, 2009

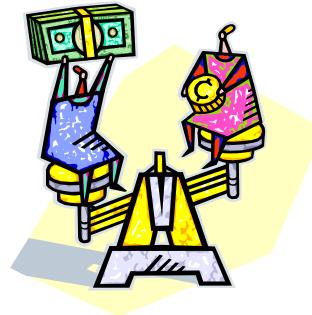
House Moves To Keep Budget Balanced

In a move to maintain fiscal responsibility and keep the state budget balanced, the House Appropriations Committee approved a bill to de-appropriate \$30.3 million from the current FY 2009 general fund budget. The adjustments in House File 414 also reflect action taken last fall to allocate funds for the natural disasters.

The bill implements the 1.5% across-the-board budget cuts made by the Governor last October, and provides \$17 million in appropriations

to key priority areas impacted by the Governor's cuts. The bill also transfers \$48 million to the general fund from other funds to make sure the budget is balanced.

The majority of the \$30.3 million budget reductions, \$25.6 million, are administrative reductions proposed by the Governor by reducing travel and not filling employee vacancies throughout state government. The other adjustments include a \$3.8 million reduction to the Judicial Branch budget, which represents a 2.5%



reduction, and an over \$950,000 cut to the Legislative Branch, which represents a 2.6% reduction.

The House is expected to debate the bill later this week.

Oversight Begins Atalissa Investigation

Last week, the Joint House and Senate Government Oversight Committee began hearings concerning the alleged abuse of mentally retarded men working for Henry's Turkey Service, a Texas based company, and living in Atalissa, Iowa. Representatives from the city of Atalissa were on hand to discuss their awareness of the company's operations.

City Council Member Dennis Hepker told the committee that the men were always dressed well,

polite and in good spirits. The City Council had no reason to believe that anything was wrong with Henry's practices. Hepker noted that the bunkhouse seemed to become more secretive in the last five years. Townspeople were no longer invited into the bunkhouse, locks were put on doors, and a perimeter fence was put up.

Atalissa City Council member Angie Dickey acknowledged the city owns the bunkhouse Henry's rented for their

workers. Dickey informed the committee that the city was responsible for one half of repairs and the upkeep of the buildings exterior. The tenants were responsible for general upkeep inside the building. Because of this arrangement, city officials were rarely inside the bunkhouse.

According to Dickey, Henry's Turkey Service contacted the city and informed them they were turning off the boiler and installing

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baseboard heating. Henry's never installed the baseboard heat; instead, they heated the bunkhouse with multiple space heaters. Dickey noted that the City Council had no knowledge of the space heaters and lack of baseboard heat. The facility was ultimately shut down because of multiple fire code violations.

Vern Armstrong, Division Administrator of the Department of

Human Services (DHS), told lawmakers that moving forward, their number one priority is the safety and comfort of these men. DHS assumed temporary legal authority over them after it was determined all residents of the bunkhouse were dependent adults. DHS has placed the men at Exceptional Persons Inc., in Waterloo. The choice was made after determining Exceptional Persons could provide job and rec-

reation opportunities and allow the men to remain in close contact.

Armstrong said that DHS is looking through their records to determine if there had been any contact to their office concerning the Atalissa situation. DHS is currently looking at their internal process in an attempt to identify issues elsewhere.

A Step Closer to Passenger Rail Service

The House Transportation Committee approved a bill this week to take advantage of plans to expand passenger rail service in Iowa. House Study Bill 116 creates a definition for passenger rail service, as well as bringing more rail oversight to the Department of Transportation.

Language in the bill defines passenger rail service to "include long-distance, intercity and com-

muter passenger transportation, which is provided on rails." The bill also authorizes the director of the



Department of Transportation to enter into agreements with other rail operators, local jurisdictions, and other

states concerning passenger rail services through Iowa.

It is evident that the citizens of Iowa are excited and want passenger rail; there continues to be talk of having passenger rail from Chicago to the Quad Cities area and possibly beyond. House Study Bill 116 encourages the Department of Transportation to pursue those measures. There is no funding in this bill; it only addresses policy language.

Legislature to Increase Aid for Schools

The Iowa Senate has approved a 2% increase in state aid to schools for the 2010-2011 school year. Senate File 218, which sets the allowable growth rate, will give Iowa schools an additional \$58.3 million in state aid.

Under Iowa's school finance laws, school districts receive a defined budget that is a combination of state aid and local property tax revenues. The school aid formula distributes funding on a per pupil basis. Schools receive an annual

increase in that per pupil allocation, which is referred to as allowable growth.

School districts will receive a 2% increase in per pupil funding for Fiscal Year 2011 (the 2010-2011 school year). This is an increase of \$115 per pupil over Fiscal Year 2010.

In addition to increasing per pupil funds to local school districts, the Senate approved a second bill, Senate File 217, which increases funding for teacher quality, profes-

sional development and class-size reduction by 2% beginning with the 2010 school year.

Iowa law states that the allowable growth must be passed and to the Governor 30 days after the Governor's budget recommendations are released. The Legislature is keeping that commitment to Iowa's schools to ensure districts have appropriate time to plan their budgets.

The House is expected to approve both bills later this week.

Shaken Baby Syndrome Prevention Moves Forward

According to Iowa's Child Death Review Team, from 1995-2007, 49 of the 112 young child homicide victims died from being shaken or slammed. It is estimated that more than three dozen Iowa children annually suffer serious and potentially long-term injuries from shaken baby syndrome.

As a result, the Legislature continues to implement a state-

wide shaken baby syndrome prevention program. The Senate adopted Senate File 101, which requires the Iowa Department of Public Health (IDPH) to establish a prevention program plan to educate parents and others about the dangers of shaken baby syndrome to children.

The plan must describe strategies for prevention and provide edu-

cation and support to parents and others. In addition, the IDPH is required to work with experts in child abuse prevention, child health, and parent education in developing the plan.

The House is expected to approve the bill this week.

Coverage of More Diabetes Self-Management Training

The House Commerce Committee passed legislation requiring that health insurers cover ongoing outpatient diabetes self-management training. These programs teach diabetics how to better manage the disease, which leads to fewer complications, better health, and lower medical costs in the long term.

Under current law, insurers need only cover an initial ten hours of self-management training during the first year after diagnoses. The requirement also only applies to patients that meet five medical conditions specified by law.

House Study Bill 153, in addition to the ten hours of initial training, requires health insurers to also cover up to two hours of diabetes self-management training every year. The bill also eliminates the list of five specific medical conditions, so this will apply to anyone diagnosed by a physician with any type of diabetes.

The requirement takes effect for policies issued, or renewed, on or after July 1, 2009.

Although this applies to individual and group insurance, not all Iowans with diabetes will benefit,

since federal law exempts self-insured employers from state insurance regulation. Typically, an employer must exceed 100 employees before it is feasible to self-insure; 2,176 of Iowa's 91,598 employers have 100 or more employees, representing 43% of all employees.

Even though Iowa's insurance industry has said this requirement is inexpensive and won't increase health insurance premiums, they still oppose making it a legal requirement.

Bigger and Better Federal First-Time Home Buyer Credit

The recent federal stimulus bill included a tax credit for first-time buyers of a principal residence on or after January 1, 2009, and before December 1, 2009. The purchase date is when closing occurs and the title is transferred.

A "first-time buyer" cannot have owned a principal residence for three years prior to this purchase. If either spouse owned a home in the previous three years, they are not eligible. However, unmarried joint buyers may allo-

cate the credit to the eligible joint buyer. Having owned a vacation home or rental property not used as a principal residence does not disqualify a buyer.

The credit is 10% of the purchase price up to a maximum credit of \$8,000, if the buyer's income is below certain limits. Since this is a refundable credit, the buyer will get a refund for any portion of the credit that exceeds the amount of tax they owe. Also, the buyer must use the home as a principal residence for at least three years or face

recapture of the tax credit amount.

The buyer qualifies for the maximum credit if Modified Adjusted Gross Income (MAGI) is \$75,000 or less (single) or is \$150,000 or less (married). The credit is reduced as MAGI exceeds these levels, going to zero when MAGI hits \$95,000 (single) or \$170,000 (married).

Adjusted Gross Income (AGI) is total income minus some adjustments but before itemized deductions. It is the last number on

page one of the 1040 or 1040A tax form and on line four of the 1040-EZ form. MAGI is determined by adding certain amounts to AGI, such as foreign income and deductions for student-loans, IRA contributions, and higher-education costs.

Claiming the credit is easy, just complete IRS form 5405 to figure the credit amount, and then claim it on Line 69 of the 1040 form. Also, if a buyer already bought a home in 2009, the purchase may be treated as having occurred on December 31, 2008, so the buyer may claim

the credit on the 2008 tax return, rather than waiting until next year to claim it on the 2009 return.

Values Fund More Accountable and Transparent

According to the Department of Economic Development (DED), the Grow Iowa Values Fund is now more accountable and transparent. The fund is Iowa's key economic development tool to assist businesses wanting to expand or locate in Iowa.

Since the program was created in 2003, cities under 10,000 have received 49% of the funding, while cities greater than 10,000 have

received 51% of the funding. Small companies have received the largest share of dollars at 55%. Medium sized companies have received 20% and large companies have received 25%.

The department has developed a database online where people can see the details of any project, including a breakdown by county, city, or program. They can also see a status update for projects, includ-

ing whether the jobs have been created as the company contracted for and the amount of the award.

All this was done to make the program more transparent. The database can be found at iowalifechanging.com, and then clicking on the Fiscal Year 2008 annual report.

Program Helps Clean Up Iowa Waters

Over \$18 million in state grants have been awarded to 59 projects across the state, to improve watersheds and help clean up our waters. Another \$2.8 million is available and will be awarded soon. This funding has leveraged an additional \$41.6 million from other sources for cleanup efforts that focus on implementing specific water quality improvements.

The funding comes from the state's watershed improvement fund, which was established in 2005. The Legislature has appropriated a total of \$20 million to the program since inception.



A Watershed Improvement Review Board was established to award the grants and provide oversight to the funded projects. Members of the board spoke to several House committees this week on their progress.

Since inception, six projects have been completed that involve an unsewered community, urban runoff, and sedimentation water quality

issues. The projects were located near three public-owned lakes, a privately-owned lake, and a stream.

Soil and water conservation districts, public water supply utilities, county conservation boards, cities, and local watershed improvement committees are eligible to apply for the grants. Individual projects can request up to \$500,000.

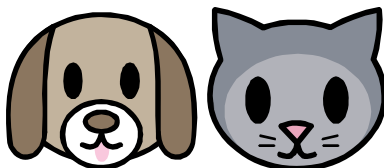
More information can be found at www.agriculture.state.ia.us/IWIRB.asp.

More Humane Treatment for Cats and Dogs

As amended and passed by the House Public Safety Committee, House File 30 will allow the Department of Agriculture and Land Stewardship, on a complaint basis, to check on the health and welfare of companion animals such as dogs and cats. Under current law, there is conflicting language as to whether the department has authority to go into businesses that are licensed by the federal government but have a state certificate.

House File 30 clearly states the department may go into busi-

nesses and look for violations as they relate to the health and welfare of the animals. This is not a re-



quirement; it merely clears up confusion about their authority. The bill specifically states that the department may not consider administrative compliances, such as book-

keeping and recordkeeping, as violations.

The Department of Agriculture and Land Stewardship has already developed rules that address health and welfare of these animals, and the bill states that the department cannot go into a business unless a complaint has been registered with the department. Current law allows the department to adopt rules so that they can separate the legitimate complaints from the phony ones.

Keep Iowa Beautiful Funds Nine Iowa Communities

Nine communities across Iowa received funding totaling \$30,000 from the Keep Iowa Beautiful program. This program allows communities to start, or to continue, programs that assist in eliminating litter and beautifying Iowa.

Keep Iowa Beautiful has partnered with a variety of private and public entities to create and recognize individuals and organizations

that keep Iowa looking its best. It's not just about litter on the side of the road, but also about making repairs to communities and educating young Iowans in school.

Funding for the program for the past six years has come from a state income tax check-off, as well as donations from individuals and businesses. Since the program was one of the lowest revenue producers as

an income tax check-off, it has been taken off Iowa's income tax forms, but the non-profit continues to seek alternative means to accomplish their goals.

Iowa's program is associated with the national program Keep America Beautiful. To find out more about the program, please go to www.KeepIowaBeautiful.com.

Iowa Emergency Management Describes Role

David Miller, the Director of Iowa's Homeland Security and Emergency Management Division, outlined the division's role in last summer's floods and disasters. Speaking to the House Rebuild Iowa/Disaster Recovery Committee, Miller said his agency coordinates during disasters but does not direct.

Miller explained that normally the state provides technical assistance, but not financial help, which is left to the federal govern-

ment. The 2008 summer disasters were an exception due to their magnitude – the 5th worst in U. S. history. During the 1993 flooding, Iowa sustained about \$163 million in damages. In 2008, the damages exceed \$1 billion.

Miller noted that in 1993, then-Governor Terry Branstad created a multi-agency team to deal with the flooding. That agency was similar to the Rebuild Iowa Office that Governor Chet Culver created last summer. In response to a question,

Miller explained that his agency does not have enough staff to both help communities and coordinate efforts. His agency works on assistance to local governments and on hazard mitigation. Other state agencies handle individual assistance, housing assistance and help to businesses.

Waterloo Outlines Damage

Two representatives from the City of Waterloo, Aric Schroeder and Jamie Knutson, outlined the

damage done to their city due to flooding on the Cedar River. They said that after the floods in the 1990's, Waterloo built a levee system. Thanks to that system, Waterloo avoided the massive damage

that Cedar Rapids sustained. However, there was still almost \$35 million in damages to home and businesses.

Waterloo is hoping to receive assistance so they can improve their

pump systems. This will cost \$13 million but should help mitigate damage from future floods.

Veterinary College Details Modernization and Renovation

Dean John Thomson, of the Iowa State University (ISU) College of Veterinary Medicine, and Dr. Pat Halbur, of the Iowa State University Diagnostic Lab, detailed the renovation of the Iowa State University College of Veterinary Medicine for the Joint House and Senate Agricultural and Natural Resources Budget Subcommittee.

Iowa State University established the first state veterinary college in the country in 1879. The program was consistently one of the top in the country through the 1980s. In 2003, the program was placed on limited accreditation, a step toward the veterinary program



losing accreditation. The program returned to full accreditation in 2007, but only based on the plans of renovating the Veterinary Medical Center.

Iowa State University is requesting \$38 million in borrowing authority to complete Phase II construction on the College of Veteri-

nary Medicine. The funding will help assure the program retains accreditation.

The Veterinary Diagnostic Laboratory in the college is the only such lab in the state. The diagnostic lab allows local farmers to send samples and animals to a facility for testing. The ISU veterinary program is the first line of defense to identify and address any animal disease outbreaks in the state.

Resource Conservation & Development Programs Outlined

Cy McDonald and Warren Johnson, President and Executive Director respectively of the Iowa League of Resource Conservation and Development (RC & D) Areas, outlined the goals of the RC & D program to the Joint House and Senate Agriculture and Natural Resources Budget Subcommittee.

RC & D's provide business incubation, project planning and implementation, and assistance to secure other financial assistance.

In 2008, RC & D's provided funding to 231 projects in Iowa, creating 157 jobs. In total, 41 businesses were created and 96 were expanded due to RC & D funds. Director Johnson noted that since these businesses are based on a natural resource, they act as an economic anchor for the area around the resource.

The Legislature created the Natural Resource Based Opportunity Grant program for RC & D's in

2006. The program has a minimum dollar for dollar local contribution.

In FY 2008, \$300,000 in state funds were utilized for 15 projects that received over \$4.5 million in matching funds. In FY 2009, a \$250,000 state appropriation was utilized for 17 projects with a total funding match of \$803,345.

Communities Encouraged to Work Together on Disaster

By April 1, cities and counties across Iowa must apply for some of the \$22 million the Legislature has allocated for Community Disaster Grants. These communities have already been notified by the Iowa

Homeland Security and Emergency Management Division on preliminary amounts.

These estimated amounts were developed using data provided by the Federal Emergency Management

Agency (FEMA) and the Small Business Administration. It is based on the applications these two agencies received from disaster victims.

Zip Code Used to Allocate Funding

Some concern has been raised about how the estimates for each city and county were developed. FEMA was able to verify that over 40,000 applicants were eligible for disaster assistance. The only geographical identifying information on these records is the zip code of where FEMA was to send the check. Therefore, Homeland Security allocated money using this zip code information. As a result, some cities with little or no flood damage are allocated funding because disaster affected areas out-

side the city share the same zip code.

A few counties have offered to help Homeland Security sort the records to better allocate the money. However, Homeland Security says that FEMA identifies the records as confidential information and will not allow the state to share it with the counties.

Instead, Homeland Security is suggesting that cities and counties work together to get the money to areas with the greatest need. They say that some cities have signed memorandums of understanding to transfer their dollars to other cities or to the county so that the money

goes to help those most affected by the flooding or tornadoes.

The money can be used by the cities and counties only for disaster related costs not otherwise funded by federal or other sources. Cities and counties, in turn, can use the funding to help nonprofits organizations affected by the floods or tornadoes, to help buy land that is not eligible for the FEMA buyout program, to repair or replace infrastructure damaged in the disaster, for measures to mitigate future damage, for small business assistance, and for the replacement or rehabilitation of housing stock.

2009 Shows Lower Number of Vehicle Deaths Than 2008

The Governor's Traffic Safety Bureau and the Department of Public Safety released numbers showing that the number of motor vehicle deaths for 2009 is lower than the same time period for 2008. The reports show that between January 1 and February 20, 2008, 54 people died in motor vehicle crashes, and during that same time period in 2009, 32 people died.

In 2008, the motor vehicle deaths totaled 412, which was almost an eight percent decrease from 2007. Both of those entities know that with ten months left in 2009, those number could change so they have listed four items for you to follow that can help to ensure the numbers stay low:

1. Always follow the speed limit.
2. Never drive under the influence of drugs or alcohol.

3. Avoid distracted driving, anything that takes your attention away from the road.

4. Increase your following distance.

Law enforcement agencies, the Governor's Traffic Safety Bureau, the Department of Transportation and others all believe that one death is too many.