

STATEHOUSE NEWS

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Bill Cracks Down on CEO's Abusing Workers

In the wake of the Agriprocessors raid in Postville last year, the House Labor Committee took action to crack down on corporations and CEO's who exploit and abuse workers. House Study Bill 63 would increase the penalties for not paying employees and violating child labor laws.

After the May 12th raid, Agriprocessors was socked with two OSHA violations for unsafe working conditions and 57 child labor violations. In addition, the company has been charged with wage and hour violations for nonpayment to workers and charging workers for the use of equipment.

Many workers went without health care

benefits since the company, without the worker's knowledge, was not paying their health care premiums. They only found out after seeing a doctor.

Governor Culver and Lt. Governor Patty Judge have dedicated emergency funds to provide assistance payments for rent and utilities to families impacted by the closing of the plant. Within 24 hours of the raid, key state workers, including from Department of Human Services (DHS), traveled to Postville to offer assistance.

Food stamp applications were completed along with a survey on community needs to ensure the health and safety of minors. DHS social workers were on

site to ensure that every child had proper supervision and care.

Now the Legislature has taken the first step to help prevent this practice from happening again. The wage violation is increased from \$100 to \$500 per pay period for each violation.

The bill also allows the labor commissioner to use federal documents to verify a child's age in order to get a child labor permit. A child labor violation would be increased from a simple misdemeanor to a serious misdemeanor, which could mean a year in jail. An employer who violates Iowa's child labor law would also be subject to a civil penalty up to \$10,000.

Budget Targets Show Less Spending Next Year

Legislative leaders released budget targets for fiscal year 2010 that are \$133 million less than proposed by Governor Culver and \$75 million less than the budget approved for this year.



The goal of this process is to establish a fiscally responsible, balanced budget that maintains commitments to

education, health care and job creation without raising taxes on middle class families. The budget subcommittee

process now underway may also identify ways government can better serve Iowans and become more efficient.

The leaders proposed a \$6.076 billion budget for fiscal year 2010, with an ending balance of \$74 million. The budget targets provide each budget subcommittee with the

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amount of general fund dollars they have to appropriate in their share of the next state budget, which starts on July 1.

Budget subcommittees have been working on setting priorities. The budget targets will help the subcommittees determine how they will proceed in appropriating

the available resources allocated to them.

Building the state budget requires a plan that takes into consideration the amount of available revenues. The fiscal year 2010 budget is based on an estimated revenue decline of 0.4% from the previous year.

The Legislature builds the budget based on spending only 99% of available revenues and setting aside 1% for the reserve funds. The state currently has a \$564 million reserve fund balance, after allocating \$56 million for flood relief.

FEMA Says Iowans May Be Eligible for More Money

Michael Parker, head of the Federal Emergency Management Agency (FEMA) office in Urbandale, said Iowans might be entitled to more money from the federal government for last summer's disasters. Parker based his belief on the fact that only 1,300 households received the maximum grant of \$28,800. He told the House Rebuild Iowa/Disaster Recovery Committee the number seemed low since 23,000 households were approved for assistance. The average grant was \$5,200.

Parker has asked his staff to review housing assistance payouts to determine if applicants were en-

titled to more money. He could not guarantee the results, but did assure committee members that the goal is to see that people get what they are entitled to receive.

The FEMA office is now working with cities, counties and nonprofit groups on their applications for public assistance. So far, 1,117 applications have been received and 51 have been determined ineligible. Only 795 are complete, but Parker indicated that this is to insure no mistakes are made. Echoing warnings to the committee by state officials, Parker said mistakes are costly if auditors later require the money be paid back due to errors.

Parker said that he expects, when all the books are closed, Iowa will receive over \$2 billion in federal assistance, mostly from FEMA and the Small Business Administration. He also said that unlike previous disasters, where FEMA closed up the local offices and worked out of the regional office, the intention is to keep the Urbandale office open for two years to work on the 2008 floods and tornadoes, as well as previous ice storms and other recent Iowa disasters. The Cedar Rapids office will stay open as long as needed.

Legislation to Prevent Identify Theft

The House Local Government Committee has passed legislation to purge social security numbers off a Land Records website created by County Recorders. Since last fall, the website has been shut down after social security numbers were found on many records.

The lack of a website has created a burden on those who have become accustomed to instant information when working on mortgages and other consumer services. The County Recorders want to hire a software company to develop a system to redact all current and future documents that may

contain personal identification numbers.

To pay for the new redaction system, House File 506 allows for raising filing fees from \$1 to \$3 for two years. After that period, fees would be set at \$2. There is no charge for searching the website.

In 2003, the Iowa Legislature told the Iowa County Recorder Association to develop a statewide database on the internet so Iowans could access and submit records electronically. The counties worked together and created the Iowa Land Records system.

In 2002, the first law prohibiting the dissemination of social security numbers was passed. However, many of the records filed in the County Recorder's offices in previous years had included these numbers. In addition, some filers still insist on including a social security number and Recorders cannot refuse the documents. These records are included on the website, making the social security numbers available to anyone searching the internet.

House File 506 is now eligible for debate in the Iowa House.

Iowa Illegal Drug Trends

Gary Kendell, director of the Governor's Drug Control Policy Office, told Administration and Regulation Budget Committee members the number of meth labs increased 13% in Iowa in 2008. This is the first increase since legislation was passed making it more difficult to purchase meth ingredients.

In 2004, there were 1,500 meth labs discovered in Iowa. By 2007, the number was down to 178 but increased to 201 in 2008. However, drug-related prison admissions, driven by the reduction

in meth cases, declined for the fourth straight year in 2008.

Kendell told the committee that about 80% of men and women in prison had a current or past drug problem. About 50% used meth. Authorities are reporting an increase in crystal meth, a more potent form, smuggled into Iowa from Mexico and other states.

Another problem is the use of hydrocodone and oxycodone pills. Calls to the statewide Poison Control Center have increased 748% since 2002 due to the increased misuse of these pills.

Over half of the Iowa youths seeking substance abuse treatment cited marijuana as their primary drug. The good news is that three recent Iowa Youth surveys show drops in substance abuse among 6th, 8th, and 11th grade students.

Kendell indicated that Iowa is expected to get \$18.7 million in federal stimulus money to fight drugs. Of that amount, 40% goes directly to local law enforcement. The other 60% comes to the state. It is allocated back out using competitive grants. These grants require a 25% local match.

Governor Signs Modest Increase in Aid for Schools

Governor Culver has signed legislation increasing state aid to schools by 2% for the 2010-2011 school year. Senate File 218, which sets the allowable growth rate, will give Iowa schools an additional \$55.8 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.

The bill will give school districts 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 Governor also signed a second bill, Senate File 217, which increases funding for teacher quality, professional 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 and the Governor are keeping that commitment to Iowa's schools to ensure districts have appropriate time to plan their budgets.

Iowa Sees Medicaid Surplus

The state Medicaid forecasting group estimates there will be a surplus in Medicaid funds of \$66 million for fiscal year 2009, and a surplus of \$50.5 million for fiscal year 2010. The Medicaid forecasting group is made up of staff members from the Department of Management, the Department of Human Services, and the non-partisan Legislative Services Agency.

It is estimated that Iowa will receive, from the federal stimulus

money, a 6.2% increase in the federal match over the next 27 months. This money is to be used to provide Medicaid services to low income, disabled, and elderly Iowans.

For the current fiscal year, FY 2009, the group estimates that the one-time federal stimulus money Iowa will receive will offset state money to fully fund Medicaid and provide a surplus in the range of \$54 million to \$78 million. Included in the estimate is the Governor's 1.5% across-the-board reduction in funding made last fall.

For FY 2010, the group estimates that the Medicaid surplus will be in the range of \$36 million to \$65 million. This estimate also includes the 1.5% reduction by the Governor, as well as the 6.2% federal match increase.

The Legislature will look closely on how to best use this temporary influx of money. Starting in FY 2012, Iowa may have to look at filling the temporary federal funds with state only funds.

Bill Sets School Start Date

House File 351 passed the House Education Committee this week. Under the bill, the earliest any public school or accredited non-public school could begin classes for the school year is the fourth Monday in August. This would not apply to schools that hold classes year around. The bill also eliminates the Department of Education's authority to grant any waivers to begin school earlier than this date.

Under current law, schools may not begin classes earlier than a day during the calendar week in which the first day of September falls. The Department of Educa-

tion is authorized to grant a waiver to any school requesting to start school earlier than the first week in September.

Opponents of the bill say the day school begins should be a local decision. Each school district has its own unique circumstances to make their decision. A concern

was noted that this date should be coordinated with the Regents universities and community colleges



since this could affect a student's ability for dual enrollment.

Supporters noted that the first day of school seems to be coming earlier and earlier each year. Families have difficulty setting vacation times and it is becoming more difficult for children to participate in late summer events. Setting the date for the fourth Monday in August should help to eliminate early dismissals due to the weather and provide children with a greater opportunity to concentrate on learning. Setting a uniform date will provide consistency across the state.

Community Disaster Grants Being Fixed

In January, the Iowa Legislature passed House File 64 providing \$22 million to help local cities and counties recover from the 2008 weather-related disasters. The Iowa Homeland Security and Emergency Management Division determined how much each city and county would receive.

These estimated amounts were developed using data provided by the Federal Emergency Management Agency (FEMA) and the Small Business Administration. It was

based on over 40,000 applications received from disaster victims.

However, concern was raised by a number of cities and counties that the data did not reflect actual disaster amounts. The only geographical identifying numbers on the applications were the zip code where FEMA was to send the check. Therefore, Homeland Security allocated money using this zip code information.

Homeland Security has now found a way to locate the application to the city or county where the disaster actually occurred. As a

result, new, more accurate data should be out to the cities and counties next week.

The money can be used by the cities and counties for disaster related costs not otherwise funded by federal or other sources. Applications for the grants are due by April 1. More information can be found at the Homeland Security website at:

<http://www.iowahomelandsecurity.org/Home/2008Disaster/CommunityDisasterGrant/tabid/266/Default.aspx>

Historical Resource Grant Applications Due May 15

The deadline for submitting applications to the State Historical Society for Historical Resource Development Program (HRDP) grants is Friday, May 15, 2009. HRDP is funded by the Resource Enhancement and Protection Fund (REAP). Through REAP, local governments, various organizations, and private individuals can receive funding for eligible projects.

REAP/HRDP provides grants to preserve, conserve, interpret and

educate the public about historical resources. Categories include historic preservation, museum collections and documentary materials such as diaries, letters, photographs and newspapers.

Projects funded in this grant cycle will begin July 1, 2009, and must be completed by Nov. 30, 2011. Projects are evaluated based on the significance of the historical resource; the proposed scope of work; the project's impact on the

local community; and the degree to which the budget is reasonable, appropriate to the project, complete, and mathematically correct.

Applications are available at iowahistory.org and must be downloaded and sent to: Grants Manager, State Historical Society of Iowa, 600 E. Locust Street, Des Moines, Iowa, 50319 by 4:30 p.m. on Friday, May 15, 2009.

Protecting Volunteer First Responders' Jobs

The House Public Safety Committee unanimously approved a bill that prohibits volunteer first responders from losing their job because they are late to work due to an emergency situation. The bill, House File 82, creates the "Volunteer Emergency Services Providers Job Protection Act," and applies to both public and private employers.

Iowa has close to 792 volunteer fire departments. It is expected

that this bill will affect many areas in the state. Volunteer emergency service providers are defined as a volunteer fire fighter, a reserve peace officer, an emergency medical care provider, or other persons having voluntary emergency service duties that do not receive full-time pay for these services.

The volunteer is required to notify their employer as soon as possible that they will be absent or late. An employer may request, if the vol-

unteer is late or absent from work, a written statement from their acting supervisor of the emergency services unit stating the date and time of the emergency. Language also allows the employer to deduct from the volunteer's regular pay an amount equal to the time that the volunteer was not at work.

The bill also allows a volunteer who loses their job under these conditions to bring a civil action against their employer.

Courts to Close Seven More Days

Last week, the Iowa Supreme Court announced seven more closure dates for all court offices across the state. These closures must all happen before June 30, 2009, to act as a cost saving measure for the current fiscal year. These closure dates do not affect magistrates or



judges; they will continue to work on those days.

The announced closure dates, which all fall on a Friday, are as follows: March 20, April 10 & 24, May 8 & 22, and June 5 & 19. In addition to the closure dates, the office of the clerk of district court will close to the public every Tuesday and Thursday at 2:30 pm.

Each closure day represents a savings of \$335,000. This is in response to the bill that reduces the

Judicial Branch's budget by \$3.8 million.

Everyone involved agrees that this scenario is not ideal for the state, but finding cost savings in a budget that is 95% salary and benefits is difficult. The co-chairs of the Joint House and Senate Justice Systems budget subcommittee are committed to finding solutions for next years budget so that Iowan's access to the courts are not impacted this drastically.

Committee OKs Regulation of Independent Escrow Agents

In a move to protect home buyers, the House Commerce Committee passed legislation to regulate independent escrow agents. An escrow agent is a person who facilitates the closing of a loan and who should act with fairness and good faith.

Escrow agents who are employed by a financial institution, mortgage banker, real estate broker, or a lawyer are already regulated by various state of federal agencies. However, there are now many independent escrow agents who are unaffiliated with these regulated entities.

House Study Bill 137 requires currently unregulated entities specializing in closing real estate transactions to register with the Iowa Real Estate Commission. Applicants must have a criminal background check and will be disqualified for any conviction, guilty plea, or plea of no contest, for a crime related to the duties of an escrow agent, including fraud or theft.

All moneys given to the escrow agent must be deposited in an interest bearing trust account. Unless the property buyer and seller have an agreement to the contrary, all

earned interest must be transferred to the Housing Trust Fund of the Iowa Finance Authority, as is currently required for real estate broker trust accounts. An escrow agent employed by a mortgage broker must maintain separate escrow accounts, books and records from those of the mortgage broker.

In order to protect the consumer, registrants must also file a surety bond of at least \$100,000, and maintain an insurance policy to cover errors or omissions.

Bill Updates Grain Indemnity Fund

Farmers could receive up to \$300,000 from the grain indemnity fund under a bill adopted by the House this week. House File 374 would pay farmers 90% of their losses, up to \$300,000, due to non-payment of grain sold to an elevator or ethanol plant.

Iowa's grain indemnity fund was created in 1986 during the farm crisis. The current maximum payment is \$150,000. With the price of grain today, legislators wanted to increase this amount because it doesn't take as many bushels to reach this \$150,000 maximum.

To ensure that producers who delivered grain to Vera Sun's ethanol plants after October 31, 2008, are covered, and for any future bankruptcies that may occur, the bill allows for the possibility of two dates to file claims.

The bill also changes when fees paid into the fund no longer need to be assessed. Current law says the fees are automatically waived once the balance in the fund exceeds \$6 million. The bill increases this to \$8 million. The fund reached the \$6 million level in 1988; assessments are required again if the fund gets below \$3 million. The current

ending balance is \$8.2 million.

The bill does not change current law that prohibits claims for grain sold on credit-sale contracts. These are also known as deferred payment contracts or futures contracts.

The bill was suggested by Iowa Secretary of Agriculture Bill Northey as a means to modernize the fund. The department has agreed to hold meetings this summer with interested parties to work out an agreement on any changes to the current fee structure.

Water Quality Improvement Projects Get Funding

Iowa's Watershed Improvement Review Board awarded \$2.4 million to seven projects that will improve water quality across the state. The grant funds will be matched by more than \$5 million from the recipients to support these projects.

Since inception in 2005, the Legislature has provided \$20 million for these watershed improvement grants. These approved projects have already completed watershed assessments that identified critical water resource areas and will focus on implementing specific water quality improvements.

Soil and water conservation districts, public water supply utilities, county conservation boards,

cities, and local watershed improvement committees are eligible to apply. Individual projects can request up to \$500,000.

The approved grants are as follows:

- Competine Creek, Marion County Soil and Water Conservation District; project length is three years; grant amount is \$199,530.
- Des Moines Area Community College Lake Watershed, Polk County Soil and Water Conservation District; project length is two years; grant amount is \$500,000.
- Duck Creek Watershed, River Action organization in Scott County; project length is two years; grant amount is \$124,375.

- Remsen Source Water Protection Project, City of Remsen in Plymouth County; project length is three years; grant amount is \$160,800.

- Sands Timber, Taylor County Soil and Water Conservation District; project length is three years; grant amount is \$499,751.

- Staff Creek and Beaver Creek, Howard County Soil and Water Conservation District; project length is three years; grant amount is \$392,950.

- Walnut Creek, Montgomery and East Pottawattamie County Soil and Water Conservation Districts; project length is three years; grant amount is \$489,455.

Review of Iowa's Deer Management Program

The Legislature created a citizen advisory committee to review the Department of Natural Resources' (DNR) deer management program. The Deer Study Advisory Committee was specifically directed to study the best way to

maintain a sustainable, socially acceptable deer population in Iowa, while maximizing and balancing the economic value of deer hunting to Iowa's economy with the needs of the agricultural industry and public safety concerns.

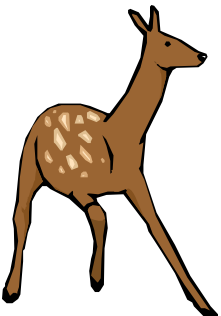
The committee's recommendations were presented to the House Natural Resources Committee this week. A consensus was reached by the committee on all the recommended actions but one.

DNR also reported that the total deer harvest for the

2008/2009 season was 3% below last year. However, 53% of the total harvest was comprised of does. This is a 2% increase from the 2007/2008 season.

Below are a few of the committee's recommendations. The whole report can be found online at: www.iowahouse.org/DeerStudy.pdf.

- The DNR and DOT should work cooperatively as members of the Deer-Vehicle Crash Information and Research Center to keep current on techniques to reduce deer crashes. Together they should work with the insurance industry to educate drivers on how to reduce deer crashes and fatalities.
- The DNR should work with



farming and hunting groups, counties and cities to improve access to private land for hunters willing to harvest antlerless deer.

- Increasing the number of nonresident hunters will not control Iowa's deer population. It is important from a social and economic perspective that non-resident hunters not be restricted without sound management reasons. It is desirable to continue to provide former residents and family members the opportunity to return to Iowa and hunt.

A consensus was not reached on this recommendation: the DNR should be given the authority to set all deer quotas. The committee was evenly split on this issue. Some of the committee members stated it would be an advantage to have DNR control all deer quotas since they

would be able to work with stakeholders to find the best solutions.

Other committee members feared that quotas might be raised to increase funding for DNR, which could reduce the availability for resident hunters to have access to hunt deer. They would prefer to see elected representatives continue to set the quota.

The 19-member committee consisted of folks from Farm Bureau, the Sierra Club, Bow Hunters Association, and Woodland Owners Association, to name a few. Representatives of the departments of natural resources, transportation, economic development, and agriculture were also part of the committee, as well as four members of the Iowa Legislature. They held six meetings last fall.

Commerce Bill Will Regulate Debt Settlement Companies

The House Commerce Committee passed legislation to regulate debt settlement companies, which, for a fee, attempt to negotiate or settle a consumer's debts.

Iowa already regulates traditional debt management firms, which help the consumer establish repayment plans with creditors. The consumer makes payments to the debt management firm which then makes payments to their creditors. These firms essentially manage the debtor's money, but are prohibited from taking any

money until repayment plans are established.

However, a new type of business has emerged which is not covered by existing regulations. So called debt settlement firms will enter into negotiations with creditors on behalf of a consumer, but commonly require payment before providing any services. The consumer is out of luck if the company is unsuccessful, even if it didn't try very hard.

House Study Bill 152 establishes uniform regulation of anyone who charges a fee to arrange or ne-

gotiate, or attempt to arrange or negotiate, the amount or terms of a debt on behalf of a consumer or receives any money to be distributed to the consumer's creditors. The bill limits fees and requires a written contract. However, certain disclosures must be provided prior to signing a contract, including an estimate of the total fees, that the firm cannot guarantee results, and that the consumer may discontinue the services at any time without penalty.

Reserve Officers' Traffic Accidents Won't Go On Record

The House Public Safety Committee passed House File 426, which exempts certain traffic accidents from being recorded on the driving records of certified reserve peace officers while on duty. Current law states that if a certified law enforcement officer, a fire fighter, or emergency medical responder gets into an accident,

while on duty, that accident will not be noted on their driving record. Insurance companies review these records to determine rates.

The Department of Transportation maintains the driving records. The employer of an exempt individual must certify to the Department of Transportation whether the acci-

dent occurred in the line of duty while operating an official vehicle or while responding to an emergency call.

A reserve officer must receive training in defensive tactics in order to be certified. House File 426 now goes to the full House for debate.