



“Be sure you put your feet in the right place, then stand firm.”

- Abraham Lincoln

Friday, July 10, 2009

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Appropriations

(Contact Lon Anderson at 1-5184.)

Inside this issue:

Fiscal Services: Revenue is \$161 Million Below REC Estimate, Governor Disputes Figures

On July 1, Fiscal Services released the memo for general fund revenue for FY 2009. The news was not good as revenue and refunds combined to make actual revenue \$161 million less than the REC estimate.

It appears that the Governor does not have enough money to cover the FY 09 deficit. However, the Governor and DOM believe that accruals will come in at least \$40 million above the REC estimate.

Compared to FY 2008, total net general fund receipts decreased by \$320.5 million, or 5.3 percent in FY 2009. Personal income tax receipts were down \$29 million, or -0.9 percent, corporate income tax receipts were down \$67.3 million, or -13.9 percent and other taxes were down \$39 million, or -7.9 percent.

Considering the last quarter revenue came in double digits below the last quarter of FY 08, that seems very unrealistic. A more realistic scenario is that the Governor intends to shift some expenses (like the \$38 million payment to schools for infrastructure) into FY 2010. While this accounting gimmick may be legal, House Republicans have asked the State Auditor about whether or not this conforms with Generally Accepted Accounting Principles (GAAP). If it violates GAAP, it could impact the state's bond rating.

Sales and use tax revenue was up \$327.2 million (16.4 percent) but this was all due to the sales tax increase for school infrastructure. This is below the REC estimate of 17.7 percent. In addition, tax refunds were \$72.3 million more than the REC anticipated, and school infrastructure refunds were \$31 million more than anticipated.

Once the FY 2010 base revenue is reduced by \$161 million, it means the entire \$99 million ending balance (all due to use of the federal stimulus money) is wiped out. That means the FY 10 budget has a deficit of \$60 million. And that is before the REC meets in September, when it is expected to lower the FY 2010 estimate of -2.8 percent. It is likely the REC will lower the estimate by at least 1 percent. That would mean the FY 2010 deficit would grow to over \$100 million.

The combination of gross revenue (\$57.7 million less than predicted), increase in refunds (\$72.3 million more) and increase in school infrastructure refunds (\$31 million more) means that actual net revenue was \$161 million less than projected by the REC.

In order to deal with this shortfall, the Governor has approximately \$118 million that can be shifted. This breaks down as follows: \$44.5 million from the FY 09 ending balance (all due to use of the one-time federal stimulus money), \$50 million the Governor can legally transfer from the Economic Emergency Fund (EEF) and \$23.5 million in Medicaid surplus (also all due to use of stimulus funds).

“Finally, it means that the \$903 million spending gap for FY 2011 is now over a \$1 billion spending gap.”

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Finally, it means that the \$903 million spending gap for FY 2011 is now over a \$1 billion spending gap.

The Democrats spent too much and cut too little. Even if the Governor uses a sleight of hand trick to balance FY 2009, FY 2010 is out of balance and FY 2011 has a \$1 billion

spending gap. All of the accounting tricks in the world won't be enough to solve a spending gap that large.

## Agriculture

(Contact Lew Olson at 1-3096.)

### More Water Quality Wetlands to be Built This Summer

On Wednesday, July 8, 2009, Iowa Secretary of Agriculture Bill Northey announced that eleven more water quality wetlands will be built throughout North Central Iowa this summer through the Conservation Reserve Enhancement Program (CREP). One of wetlands will be built during 2009 Midwest Construction Expo & Field Day in Melbourne on July 15-16. Secretary Northey will attend a construction kickoff ceremony at the expo, ½ mile east of Melbourne on 290th St., at 4:30 p.m. on Thursday, July 16.

Researchers at Iowa State University have confirmed that these wetlands remove 40-90 percent of the nitrate and over 90 percent of the herbicide in tile drainage water from upper-lying croplands. In addition to reducing nitrate loads to surface waters, the wetlands provide wildlife habitat and increased recreational opportunities. Cur-

rently, 35 of these wetlands have been constructed or restored and 33 more are currently being designed. These planned and constructed wetlands will protect 85,000 acres of watersheds in Iowa. The effectiveness of these wetlands were recognized by the Gulf of Mexico Program, which is underwritten by the U.S. Environmental Protection Agency and is dedicated to protecting, restoring and maintaining the health and productivity of the Gulf of Mexico ecosystem. The Iowa Department of Agriculture and Land Stewardship and USDA Farm Service Agency in Iowa were nominated by the Iowa Farm Bureau and received a "Gulf Guardian Award" in 2008 for their work to reduce nutrients traveling to the Gulf of Mexico and the effectiveness of these wetlands in removing nitrates.

The Midwest Construction Expo & Field Day is hosted by the Land Improvement

Contractors' Association (LICA) and as part of the events will construct a CREP wetland ½ mile east of Melbourne on 290th St. The land where the wetland will be built is owned by the Association. Additional groundbreaking ceremonies marking construction of water quality wetlands will also be held in Floyd, Palo Alto, Dickinson, Buena Vista, Kossuth, Webster and Emmet Counties.

***"In addition to reducing nitrate loads to surface waters, the wetlands provide wildlife habitat and increased recreational opportunities."***

### Water Quality Groups Encouraged to Apply for Watershed Improvement Grants

On Thursday, June 26, 2009, Iowa Secretary of Agriculture Bill Northey announced that the Iowa Department of Agriculture and Land Stewardship (IDALS) is encouraging eligible groups to apply for grants to support water quality projects to help prevent flooding in the state. More than \$5 million in grant funds are available to local watershed improvement committees, soil and water conservation districts, public water supply utilities, county conservation boards, cities and counties. Projects eligible for funding include, but are not limited

to, those addressing agricultural runoff and drainage, flood prevention, stream bank erosion, municipal discharge, storm water runoff, unsewered communities, industrial discharge and livestock runoff. Each project can request up to \$500,000 in funding over five years.

All applications are due on Friday, August 14, 2009 and will be reviewed by the Watershed Improvement Review Board. The Board is comprised of representatives from agriculture, drinking water and wastewater

utilities, environmental organizations, agribusiness, the conservation community along with two state senators and two state representatives. A funding announcement is expected to be made in mid October. Application materials can be downloaded from the Iowa Department of Agriculture and Land Stewardship website at [www.iowaagriculture.gov/IWIRB.asp](http://www.iowaagriculture.gov/IWIRB.asp). To receive more information or ask questions, contact Jerry Neppel at 515-281-3599.

### Obama Administration Proposes Food Safety System Changes; FDA Issues New Egg Regulations

On Tuesday, July 7, 2009, the Obama Administration announced its recommendations to change the nation's food safety

system in a joint press appearance of Vice-President Biden, U.S. Department of Agriculture (USDA) Secretary Vilsack, and

Health and Human Services (HHS) Secretary Kathleen Sebelius which were pre-

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pared by the Food Safety Working Group. This group was created by President Obama in March to advise the Administration on how to upgrade the food safety system for the 21st century. The Working Group devised its recommendations concerning a new, public health-focused approach to food safety based on three core principles: prioritizing prevention; strengthening surveillance and enforcement; and improving response and recovery.

The Working Group on Tuesday announced specific steps designed to advance its core principles:

- HHS and USDA will target salmonella contamination by developing tougher standards to protect the safety of eggs, poultry, and turkey.
- To fight the threat of E. coli, USDA will step up enforcement in beef facilities and the Food and Drug Administration (FDA) is developing new industry guidance improving protections for leafy greens, melons, and tomatoes.
- The Obama Administration is building a new national traceback and response system including clearer industry guidance, a new unified incident command system, and improved use of technology to deliver individual food safety alerts to consumers.
- Finally, the Administration announced a plan to strengthen the organization of federal food safety functions, including the creation of new positions at key food safety agencies and a continuing oversight role for the Food Safety Working Group.

The Food Safety Working Group is chaired by Secretaries Sebelius and Vilsack, and participating agencies include the FDA, Food Safety and Inspection Service (FSIS), the Centers for Disease Control and Prevention (CDC), the Department of Homeland Security, the Department of Commerce, the Department of State, the Environmental Protection Agency, and several offices of the White House. For additional key findings and recommendations of the Food Safety Working Group, visit

***“This rule is of particular interest in Iowa as this state is the number #1 egg production state.”***

[www.foodsafetyworkinggroup.gov](http://www.foodsafetyworkinggroup.gov). It is likely that these changes will impact both Iowa’s multi-billion dollar livestock industry and affect how state food inspection efforts are carried out.

Coinciding with Tuesday’s Administration roll-out of its food safety system change proposal was the related FDA announcement of new public health regulation dealing with egg safety and salmonella illness reduction efforts. This rule is of particular interest in Iowa as this state is the number #1 egg production state. Iowa produces almost 20% of the nation’s eggs (14 billion per year), twice as many as the second ranked state, mostly from the state’s poultry producers. The FDA final rule requires preventive measures during the production of shell eggs in poultry houses and requires subsequent refrigeration during storage and transportation. The rule requires that measures designed to prevent Salmonella Enteritidis be adopted by virtually all egg producers with 3,000 or more laying hens whose shell eggs are not processed with a treatment, such as pasteurization, to ensure their safety. Producers with at least 3,000 but fewer than 50,000 laying hens must comply within 36 months after the rule’s publication. Producers with 50,000 or more laying hens must be in compliance with the rule within 12 months after its publication in the Federal Register.

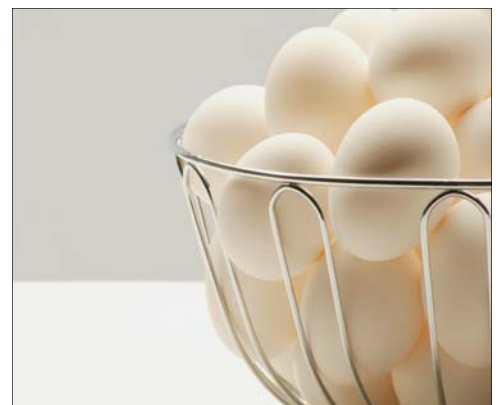
Under the rule, egg producers must:

- Buy chicks and young hens only from suppliers who monitor for Salmonella bacteria.
- Establish rodent, pest control, and biosecurity measures to prevent spread of bacteria throughout the farm by people and equipment.
- Conduct testing in the poultry house for Salmonella Enteritidis. If the tests find the bacterium, a representative sample of the eggs must be tested over an 8 week time period (4 tests at

2 week intervals); If any of the four egg tests is positive, the producer must further process the eggs to destroy the bacteria, or divert the eggs to a non-food use.

- Clean and disinfect poultry houses that have tested positive for Salmonella Enteritidis.
- Refrigerate eggs at 45 degrees Fahrenheit temperature during storage and transportation no later than 36 hours after the eggs are laid.

Egg producers whose eggs receive treatments such as pasteurization still must comply with the refrigeration requirements. Similarly, certain persons such as distributors, packers, or truckers holding or transporting shell eggs also must comply with the refrigeration requirements. To ensure compliance, egg producers must maintain a written *Salmonella* Enteritidis prevention plan and records documenting their compliance. Producers (except those who have less than 3,000 hens or who sell all their eggs directly to consumers) also must register with the FDA. The FDA will develop guidance and enforcement plans to help egg producers comply with the rule. The FDA estimated that the rule would provide \$1.4 billion in annual public health benefits, at an annual cost of \$81 million to the regulated industry, or less than 1 cent per dozen eggs produced in the United States. While this seems to be a beneficial return on additional regulatory costs, these rules will impose significant new production expenses for layer flocks in Iowa, perhaps as much as \$16 million amounting to an average of \$200,000 for Iowa egg producers.



## Commerce

(Contact Brad Trow at 1-3471.)

### Extended Coverage for Children – Questions and Answers

One of the more discussed parts of the 2008 and 2009 health care reform bills was the provision that allowed parents to cover their children on their health plans until age 25. Over the past year, there have been a number of questions raised by Iowans over how these laws would impact their families. Since we are now at a time when many Iowans are again looking at their health care coverage, this is an opportune time to review how this change in policy and how it impacts Iowans.

#### **What change in current practice does HF 2539 bring to the coverage of children under family health insurance coverage?**

For children of parents in state-regulated plans, they may continue coverage in some circumstances when they would have been off their parent's contracts under current insurer rules. *The law does not apply to insurance plans governed by federal law.*

#### **What types of plans are covered by state regulation and therefore covered by this law?**

Individual plans, insurance plans provided by employer groups subject to Iowa law and self-funded plans for employees of state, county or municipal governments are subject to this law. Many large employers and medium-sized employer groups will not be subject to this law, if they are self-funded plans, as such plans are not subject to regulation by this state but instead governed by federal law.

#### **What are the new age limits and how do they compare to the old limits?**

For those plans covered by this provision, the new maximum age for children to remain covered is 25, which was formerly 19 years old in most cases. Some coverages currently limit coverage for full-time dependent students to 23. There is no maximum age for full-time students under this law.

#### **Do children have to be dependents to remain covered?**

Not after the law becomes effective. The

new law does not reference dependent children, only currently covered children.

#### **Does the law require me to provide this coverage?**

No. The law simply requires insurers regulated by the state of Iowa to provide this as an option.

#### **What could cause a child currently covered under a family contract to lose coverage?**

Insurers are not required to continue to cover a child who is no longer a resident of Iowa, or who marries.

#### **What happens if children are not currently covered on their parent's insurance, but are under the age of 25. Can they enroll?**

That would depend on an individual's situation and the enrollment terms of their insurance plan. The 2008 law specified that this was a continuation of existing coverage to the anniversary date after becoming age 25, so that the coverage had to already be in force prior to July 1 for the continuation to be possible. But in 2009, the law was amended to clarify that parents could re-enroll their children to get this coverage.

#### **What if my health insurance policy anniversary date falls on a date different than July 1?**

The language in the statute stipulates that the effective date of the continuation provision will be on the date the policy renews. For those contracts renewing July 1, that will be the effective date of the change, while other policy anniversary dates will have applicability at times consistent with their renewal.

#### **Are there tax consequences to providing coverage to a child who is not a dependent?**

There can be. Federal tax law defines who is a dependent, with age of a child being one of the qualifying tests. Any portion of premiums paid by an employer for coverage of a child that does not meet the definition of dependent under federal law will be

included in the employee's gross income as reported on the employee's W-2.

The new law extended coverage to children who may not meet the definition of dependent under federal tax law (e.g. full-time student but older than 25). In 2009, the Legislature took steps to make the coverage not subject to state income tax. But the issue of any federal tax remains. Employees considering continuation of their child on their health plans past age 19 should consult with their tax accountant or advisor.

#### **Is it possible that continuing coverage under an employer-based plan may be more expensive than buying individual coverage for the child who is over 19 and not a student?**

Yes. It may be possible to buy similar coverage for less than the cost of continuing a child over 19 on an employer plan because of the relatively low health risk associated with young people. However, such individual enrollment will probably require that the health of the child be considered in the insurer's decision about accepting coverage of the child. This means pre-existing conditions may play a factor in the insurer's decision.

#### **Are children who are not eligible to remain on a parent's coverage able to get insurance elsewhere?**

As has always been the case, until the law reaches full applicability for all children, those who no longer qualify for dependent coverage will have traditional options. Those options will still exist in addition to the option to continue the child on the parent's health plan even after the new law went into effect on July 1.

The child may purchase continuation at group single rates, may become employed with an employer providing coverage, may apply for individual coverage (usually at a much lower rate given their typically low risk as healthy young adults) or if they do

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not qualify for any coverage, may enroll in HIPlowa. It is possible that healthy children may qualify to again be covered under a parents plan by application after the provision covering children through age 25

applies to a group upon the renewal of the group on or after July 1.

Iowans who still have questions about how this change in the law impacts their cover-

age should consult with the Iowa Insurance Division. The Division can be contacted at 1-877-955-1212.

## Economic Growth

(Contact Matt Hinch at 1-3298.)

### Deadline To Qualify For Business Disaster Assistance Extended

Recently, the Iowa Economic Development Board (IDED) announced it will extend the deadline businesses have to apply for financial assistance programs. Businesses that were damaged by the floods and tornados of last summer now have until July 31, 2009 to submit their applications for disaster recovery assistance.

The IDED Board will decide July 16, 2009

on how to allocate the department's portion of the Fiscal Year 2010 Values Fund allotment. New guidelines governing the Values Fund, passed by the

legislature last session, provide the IDED

***"The IDED Board will decide July 16, 2009 on how to allocate the department's portion of the Fiscal Year 2010 Values Fund allotment."***

Board with more flexibility on how it designates the dollars it receives from the legislature. The new law that went into effect July 1st also provides them with the authority to shift funding for disaster assistance if necessary.

### Educational Seminar Available For Economic Development Professionals

The Iowa Department of Economic Development (IDED) is hosting an educational seminar for newly hired economic development professionals or anyone who wishes to learn more about economic development programs available to communities and businesses in Iowa. The seminars are designed to provide community groups,

chambers of commerce and economic development organizations with an inside look of the financial assistance programs and the requirements for qualification.

IDED holds the seminars three times annually. The sessions are held at IDED headquarters at 200 Grand Avenue in Des

Moines. The sessions begin at 9 am and end at 3 pm. Registration is \$25. Dates remaining for 2009 are July 22 & November 17. For more information contact Susan Drake with IDED by email at [susan.drake@iowalifechanging.com](mailto:susan.drake@iowalifechanging.com) or by phone at 515-725-3059.

## Education

(Contact Ann McCarthy at 1-3015.)

### Be Creative, Be Smart, Keep Reading!

Did you know that kids who read four or five books over the summer can prevent reading-achievement loss that normally occurs during the summer months?

Call it a "Summer slump", "Summer Loss" or "Summer Setback" but call it right for your kids. Reading four or five books keeps kids tuned-up to learn.

Researcher Jimmy S. Kim found that children who read books during the summer did better on fall reading tests than their peers who read one or no books over the summer. Mr. Kim's findings are based upon surveys and test data of 1,600 students in 18 elementary schools in a Middle Atlantic suburban school district.

Make it a household event. Involve your

child in selecting books and dedicate real time and a positive environment for reading. Who knows you might just finish that book you've wanted to read.

These web sites give you a great place to start:

#### Family Education Booklist

Keep your kids occupied with a great book — or a few! These suggestions should keep them busy all year long. These titles will encourage your kids to love reading, while improving their language arts skills.

<http://school.familyeducation.com/literature/reading/34576.html>

#### Choices Booklist

Each year the International Reading Association (IRA) invites 10,000 schoolchildren

to read and vote for the best newly published books. This site provides the children's list as well as a list of teachers' picks for the best books. <http://www.reading.org/Resources/Booklists.aspx>

#### Summer Reading Lists

Charlottesville (Virginia) Catholic School presents these lists or required and suggested reading. Separate lists for each grade K to 8. <http://www.cvillecatholic.com/parentconnect/summerreading/readingindex.html>

#### Elementary Summer Reading List

This list from the Wayland (Massachusetts) Public Schools includes fiction titles for

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beginning readers, students in grades 2 and 3, and students in grades 4 and 5, as well as lists of books of poetry, books of fairy tales, biographies, books for families to read aloud, and more. [http://www.wayland.k12.ma.us/lib\\_media/elemsumread.html](http://www.wayland.k12.ma.us/lib_media/elemsumread.html)

#### Boulder (Colorado) Public Library Booklists for Kids

This list of lists from the BPL includes summer reading chapter books and summer reading picture books. <http://www.boulder.lib.co.us/youth/booklists/index.html>

#### Fairfax County Public Library Books for

#### School-Age Children

Though not specifically created as summer reading lists, these lengthy lists include great summer reading ideas. Individual lists are offered for students in grades 1 to 6. <http://www.fairfaxcounty.gov/library/reading/elem/gradedbooks.htm>

## Environmental Protection

(Contact Lew Olson at 1-3096.)

### Public Comment Sought on Changes to Three Water Quality Standards Criteria

On Tuesday, June 30, 2009, the Iowa Department of Natural Resources (DNR) issued a press release announcing that it is seeking public comments on proposed rules that would establish further requirements to protect and manage the water quality of Iowa's surface waters involving aquatic life (water insects being the most sensitive). Over the last several years, DNR undertook a process to assemble data and research related to the toxicity of total dissolved solids, chlorides, and sulfates. The purpose of this effort was to update and develop criteria for these parameters to better protect aquatic life based on new scientific information.

During the Environmental Protection Commissions (EPC) consideration of this rule in May, the DNR presenters of this rule warned the EPC that affected communities that might not meet the new standards have no affordable mechanical or chemical processes to deal with high total dissolved solids, chloride or sulfate levels. In most instances communities will have to explore eliminating water softening processes, switching water sourcing to surface water if available, shipping waste water to a larger

more dilute receiving water or diluting the wastewater with consolidated outfalls. In the process of determining what options might best suit the affected system, additional water testing requirements will be triggered to determine site-specific monitoring estimated to cost each system nearly \$7,500 per year in new testing expenses for at least two years. The noticed rule ARC 7853B was published in June 17, 2009, Iowa Administrative Rules Bulletin that can be accessed at the following webpage-- <http://www.legis.state.ia.us/aspx/ACODOCS/DOCS/07-01-2009.Bulletin.pdf>

People can comment on the proposed rules orally or in writing at four remaining public meetings, listed alphabetically by town:

- Atlantic: 10:00 a.m. July 15, Atlantic Public Library, 507 Poplar St.
- Clear Lake: 11:00 a.m. July 16, Clear Lake Public Library, 200 N. Fourth St.
- Dubuque: 11:00 a.m. July 13, Dubuque Public Library, 360 W. 11th St.
- Iowa City: 6:00 p.m. July 13, Iowa City Public Library, 123 S. Linn St.

The proposed changes would:

- Establish numerical water quality criteria for chloride, for the protection of aquatic life
- Establish numerical water quality criteria for sulfate, for the protection of aquatic life and livestock watering
- Remove criteria for total dissolved solids and associated implementation procedures.
- Revise the default hardness level used for hardness-dependent chemical criteria

To find further detailed information on the proposed changes and view the complete rule proposal can be accessed at: [www.iowadnr.gov/water/standards/chloride.html](http://www.iowadnr.gov/water/standards/chloride.html). The DNR will accept comments until Aug. 14, 2009. People can submit written comments to Adam Schnieders at the Iowa DNR, 502 East Ninth St., Des Moines, IA 50319, or by e-mail to [adam.schnieders@dnr.iowa.gov](mailto:adam.schnieders@dnr.iowa.gov). For more information, contact Schnieders by e-mail or at (515) 281-7409.

## Government Oversight

(Contact Jason Chapman at 1-3440.)

### Update on Atalissa Legislation

On Monday, July 6, 2009, the Task Force on Dependent Adults with Mental Retardation met for the first time since they issued their report to the Governor and the Legislature on April 1. The Task Force was due to dissolve at that time, but they felt that there was more work to do so they plan to

continue meeting in some form. There are still a number of recommendations that the Task Force came up with in their report that were not part of Senate File 484, which passed this session to deal with the fallout from the Atalissa situation.

The chairman of the Task Force, John McCalley, Director of the Department on Aging, mentioned plans to hand off the ongoing operations of the Task Force to the Dependent Adult Protection Advisory

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Council (DAPAC). The role of the council, which has been in existence since the 1990s, is to advise departments charged with the responsibility of dependent adult abuse issues; evaluate state law and rules and make recommendations to the general assembly and to executive branch departments concerning dependent adults; and to receive and review recommendations and complaints from the public concerning the dependent adult abuse services program. These are the some of the same things that the Task Force was charged with when Governor Culver formed it earlier this year.

Since the Atalissa situation news broke and the public became aware of situations such as the one found there, complaints and inquiries from the public spiked, producing several more situations that needed to be investigated. At the meeting, DIA director Dean Lerner said that that number had

reached a plateau at this point. The Task Force is, however, planning to implement a public awareness campaign at some point soon and Mr. Lerner was unsure if this would cause complaints and inquiries to rise again at that point.

The Task Force was also given an update on the Atalissa situation. All of the men removed from the “Bunk House” in Atalissa are being taken care of and are doing well. Of the 21 men who were living and working for Henry’s Turkey Service, 18 of the men are currently part of Exceptional Persons, Inc., in Waterloo. 14 of those have been placed in a work setting or program based on their preference. Three have moved back to Texas, another two or three want to move back. They are currently in the process of finding a placement for the men there. All of the men have received dental, hearing, physical check-ups, and several of them are involved in church and social activities, which is what they enjoyed doing

while living in Atalissa. And, about half of the men have established or re-established contact with families.

Henry’s Turkey Service was assessed a \$9,000 civil penalty at the end of May. They had violated three Iowa wage laws. Failure to pay minimum wage; taking illegal deductions from the men’s paychecks; and failing to provide pay stubs to their employees. The penalty is under appeal as Henry’s filed a response on June 22. There will be a hearing before DIA on the case.

The Task Force is planning to meet two more times before handing off operations to DAPAC. The first meeting in September will be before the Government Oversight committee, which is currently schedule for September 24. The second meeting will be at some point in November to follow-up on the September meeting.

## Human Resources

(Contact Brad Trow at 1-3471.)

### Health Reform Could Lead to Rationing of Care

As Congress continues its lumbering march towards a health care reform bill, more and more Americans are beginning to ask one simple question – how would these changes impact the health care coverage they currently have? Getting an answer is difficult however we can look to other countries for an idea of what may occur.

One of the central arguments put forth by President Obama and congressional Democrats is that costs are controlled by focusing on best practices and eliminating unnecessary procedures and treatments. That sounds reasonable, but it is the manner by which they are implemented that could make focusing on best practices transform into rationing of health care.

The concept of rationing health care is standard practice in many other countries. Consider what happens in Great Britain. When the Labour government created the National Health Service in the aftermath of World War II, the country set up a single-payer system for health care. Ever since

then, complaints about the NHS have been a staple of any Prime Minister’s question time in the House of Commons.

When Tony Blair became Prime Minister in 1997, his government began establishing a body to ensure that the NHS utilizes “best practices” in the practice of medicine. According to the Wall Street Journal, the Labour-leaning Guardian newspaper stated in 1998 that the initiative was designed to:

*... Ensure that every treatment, operation, or medicine used is the proven best. It will root out under-performing doctors and useless treatments, spreading best practices everywhere.*

Sound familiar?

What Blair and New Labour created was the National Institute for Health and Clinical Excellence, which was given the acronym of NICE. But many in Great Britain would say that this government agency has been anything but nice.

In recent years, NICE has become the Rationing Czar for health care. Instead of pushing best practices, the agency now focuses on reducing costs. In a recent editorial, the Wall Street Journal highlighted some of the decisions made by NICE:

- Refusing to allow patients with breast or stomach cancer from getting two drugs that prolong life;
- Preventing many Britons with early signs of Alzheimer’s from being able to take Aricept, a drug which is designed to slow the disease’s advance at the first sign of dementia. NICE’s rationale – it was not cost effective;
- Rejecting requests to provide the drug Kineret for the treatment of rheumatoid arthritis; and
- Blocking access to one drug for the

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treatment of macular degeneration (blindness) and putting strict limits on the use of another. NICE's restriction – it can only be used in one eye.

Why are these examples important? Because these treatments are available in the United States and are currently covered by insurance plans.

Rationing of care in Britain is not limited to just life-saving drugs. In June, the country's Advisory Committee on Cervical Screening turned down calls to lower the age for cervical cancer screenings to be covered by the NHS from 25 to 20. This was in the aftermath of several deaths of young women who contracted the disease at an early age, but were unable to get a pap smear.

Under the NHS, Britain has established targets for the time patients have to wait for medical care. The centerpiece of the Blair

government's reforms was the creation of targets for treatment. Currently, it is the goal of the British government that when a general practitioner refers a patient for treatment, they wait no longer than 18 weeks. If there is a need for surgery, then the NHS hopes to have you admitted for surgery in just 13 weeks.

***“If there is a need for surgery, then the NHS hopes to have you admitted for surgery in just 13 weeks.”***

While some on the left contend that what is being proposed bears no resemblance to the British system, the language in their proposals is very close to what Tony Blair implemented in the 1990's. And this fact is something that Americans should be made aware of before any changes are made to the nation's health care system.

Most proposals for reform in Congress include a national board that would make decisions about what treatments and procedures would be covered by government health care programs, and possibly all coverage plans. At what point would this board transform from deciding what is best to determining what is allowed?

Would Americans support a system when a government board decides what treatment they would get, instead of their doctor? Would parents be willing to wait 13 weeks to have their child get a necessary operation? Could families accept that their loved one has Alzheimer's, but they can't start treatment immediately because its not "cost effective"?

These are questions many in Washington don't want asked. But Americans deserve to know how their health care would change. And they likely will not like the answers.

## Judiciary

(Contact Tony Phillips at 1-3026.)

### Judicial Branch Announces Cuts, Targets Court Reporters

The Judicial Branch has taken a proactive approach to keep it's budget in balance for FY 2010 with the hope of avoiding the painful reduction in services that resulted from the late cuts made last year. "We must operate within the limits of our appropriation from the legislature," said Chief Justice Marsha Ternus.

Whereas the cuts enacted late in FY 2009 were made to court services, the Judicial Branch hopes these targeted early cuts will avoid creating such inconveniences. "The cuts imposed earlier this year such as court closures and travel restrictions were stop-gap measures required to cope with a severe mid-year deappropriation. We need not resort to these measures now because we've had more time to plan and we have a

full year during which to absorb the impact of the cuts," said Chief Justice Ternus in a press release.

The Court has reduced their operating expenses by \$5.4 million for 2010. Of that amount, only \$635,000 comes from non-personnel expenses. The remaining \$4.8 million in cuts will come in the form of job cuts. The majority of the cuts will be done by eliminating or holding open nearly 50 vacant staff positions spread across all levels of the court system, including judges.

While those cuts are spread throughout the court system, the same cannot be said of the layoffs being made by the Judicial Branch. Of the 15 member's of the Court's staff that are to be laid off, 13 of them are

court reporters. This represents a 10% reduction in court reporters and will mean that some areas of the state will have to pool court reporters.

According to David Boyd, the State Court Administrator, "to cope with severe short-falls in the early part of this decade, we cut deeply into the ranks of most of our staff, but we did not cut court reporter jobs."

These significant and disproportionate layoffs of court reporters come at the same time the Judicial Branch moves forward with plans to begin testing recording systems that would replace court reporters in the courtroom. Testing on that program should begin by this fall.

## Labor

(Contact Lon Anderson at 1-5184.)

### Review of the Workers' Compensation Laws in Iowa

The Iowa Workers' Compensation law requires most employers to provide benefits

to eligible employees who have injuries arising out of and in the course of employ-

ment.

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There are few classifications of employees who are exempt from the law, and therefore not eligible for benefits. Proprietors (independent contractors) limited liability company members and partners are not considered employees but may elect to be covered by purchasing a valid workers' compensation insurance policy specifically including the proprietor or partner.

Most employees who are injured in Iowa, working under contract of hire made in Iowa, or whose employment is principally localized in Iowa, are eligible for benefits if they have a job-related injury.

In Iowa, "injury" is defined very broadly to include any health impairment other than the normal building up and tearing down of body tissues. The health impairment must be a result of employment activities. Diseases and hearing losses are also considered to be injuries if they are a result of the

employment activities or exposures.

An employee is not entitled to benefits for a preexisting injury or disease unless it is aggravated, or worsened, by the employment.

The employer provides medical care reasonably suited to treat the employee's injury, and has the right to choose the medical care. If the employee is dissatisfied with the care offered, the employee should discuss the problem with the employer or insurance carrier. In certain situations the employee may wish to request alternate care. If the employer, or insurance carrier, does not allow alternate care, the employee (through appropriate proceedings) may apply to the Workers' Compensation commissioner for alternate medical care. If the employer-retained physician gives a rating of permanent impairment, which the employee feels is too low, the employee does have a right to another examination by a doctor of the employee's choice at the employer's expense.

The majority of disputes in workers' compensation claims can be resolved by open communication between the employee, employer and insurance carrier. The employee should be able to learn the reasons for any action taken, as well as the nature of the evidence supporting the action. If the dispute is not resolved, a contested-case proceeding may be initiated before the Workers' Compensation Commissioner.

The Workers' Compensation Commissioner is the head of the Division of Workers' Compensation which is part of the Iowa Workforce Development. Workers' Compensation has the responsibility of administering, regulating, and enforcing the workers' compensation laws. Though the Workers' Compensation Commissioner's office cannot represent the interests of any party, the agency provides information regarding the provisions of the Workers' Compensation Law, the rights of the parties, and the procedures the parties can follow to resolve their disputes.

## Natural Resources

(Contact Lew Olson at 1-3096.)

### Iowa Launches Interactive Hunter Education Course

On Tuesday, June 30, 2009, the Iowa Department of Natural Resources (DNR) issued a press release touting the launch of a new, online hunter education course that will allow students to complete coursework online before attending Field Day training sessions. The new HunterExam online course allows students to complete coursework online before attending required classroom and hands-on field course training needed to obtain their Iowa hunter education certificate. With an emphasis on

safety and responsibility, the HunterExam.com program focuses on reducing hunting incidents.

HunterExam.com also offers the only treestand safety course based on the latest guidelines developed by the Treestand Manufacturers Association. This new, fully interactive, narrative course effectively engages students and is only 15 minutes long. The treestand safety course is free to anyone with an Internet connection at

<http://www.hunterexam.com/treestandsafety>. Students may visit <http://www.HunterExam.com> to view the site free of charge. The online course costs \$24.95 to complete and to receive a Field Day voucher. The student must then successfully complete the Field Day in order to obtain their Iowa hunter education certificate. For more information visit <http://www.hunterexam.com/usa/iowa>.

### Honey Creek Resort Revenues and Net Income Continue to Lag below

In material distributed on July 9, 2009 by the Iowa DNR detailed the business performance of Honey Creek Resort State Park. May operations revenue for the resort continue to lag behind projected budget levels by \$70,683 (\$514,956 budget to \$444,273 actual). In April, the monthly revenue shortfall below projections was \$77,239. While monthly operational ex-

penses exceeded the budgeted amount by \$37,396, those numbers were more than offset by lower energy, sales and marketing, and administrative and general expenses that were \$37,806 below expectations to leave a net reduction in expenses of \$410 below projected amounts. Consequently, monthly income before management fees and fixed charges was a nega-

tive \$70,273 for the month of May. Hence, for the first eleven months that the Honey Creek resort has been open; resort revenues have been \$480,710 below budgeted expectations, but have been somewhat ameliorated by operational expenses that have been \$156,352 below anticipated costs to create a income before management fee &

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fixed charge income shortfall of \$324,358. While year-to-date operation expenses have been \$90,587 above expectations, those higher expenses have been offset by lower energy costs (\$108,961) and lower administrative & general expenses (\$137,896) below expected levels. While it was anticipated that Honey Creek Resort would run a substantial negative net income before taxes that was estimated to be \$1,471,537 for the first eleven months of operations, actual income shortfall has

been \$1,766,696 or \$295,432 below projections.

The underperforming aspects of Honey Creek Resort operations have been its golf course operations (\$160,984 cumulative below projection and ~\$80,000 just for May 2009); lodge occupancy and revenue (-\$361,538 for the first eleven months) and continued lagging banquet operations which in May 2009 were ~\$42,000 below anticipated levels. Fortunately, the grill facility at the resort has had higher than expected business, which have exceeded

the revenue shortfall from banquet operations. For example, in May, the grill facility food and beverage operation revenue was \$60,145 above projected monthly amount. The DNR May budget summary for Honey Creek assigned continued wet and foul weather as a major cause for golf operation shortfalls and anticipates booked summer wedding receptions will bolster banquet operations to levels close to what was projected for this time frame and noted that May lodge revenues exceeded projection for that month by \$5,466.

## Transportation

(Contact Tony Phillips at 1-3026.)

### Innovative Bridge in Wapello County Receives Federal Grant

The U.S. Department of Transportation Federal Highway Administration recently awarded a \$382,971 grant to an Omaha company to produce and install the first super-strength concrete deck bridge in Iowa. The Wapello County bridge will be the first of its kind in the nation.

***“The Wapello County bridge will be the first of its kind in the nation.”***

will significantly reduce the amount of labor needed to complete the project. According to county officials, the use of the super-strength concrete will save the county \$200,000.

The bridge will use an ultra-high performance concrete that is much more durable than traditional concrete. It will not be susceptible to traditionally corrosive elements

like salt, water and sand.

The concrete will be much quicker to install than traditional materials. The panels can be manufactured off site and will then be placed on the bridge very quickly, which

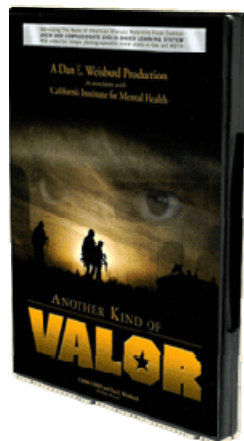
With the approval of funds from the federal government, Coreslab Structures of Omaha will begin to manufacture the deck panels for the bridge this winter. The new bridge, just Northeast of Ottumwa should be completed next year.

## Veterans Affairs

(Contact Jason Chapman at 1-3440.)

### Another Kind of Valor

The Department of Veterans Affairs, along with other veterans groups and organizations around the state, is sponsoring a learning day designed to equip participants with a greater awareness of the painful and often traumatic issues for many of our returning veterans and their families and to provide effective tools and strategies to better serve them.



bers, and professionals trained to assist emotionally damaged veterans returning to civilian life. Through nine compelling docudramas it explores the behavioral manifestations of veterans with deep emotional wounds as they battle "their invisible enemy within."

After the presentation of the video and discussion, a Town Hall meeting will conclude the day with a panel-led review of

Attendance is limited to the first 200 who register and the registration fee is \$20. It will take place at:

Iowa National Guard Joint Forces Headquarters  
Armory Complex – Enhanced Classroom  
6100 NW 78th Avenue  
Johnston, IA 50131

To register, contact Jill Joseph  
Iowa Department of Veterans Affairs  
jill.joseph@iowa.gov  
(515) 242-0033

It is based on a series of DVDs called *Another Kind of VALOR*, which is designed to address the needs of VA, law enforcement, homeless shelters, hospital emergency rooms, family mem-

the issues and needs facing our returning veterans and their families and a discussion of how communities can help.

For additional information about this program, please visit <http://anotherkindofvalor.org>

## Iowa Veterans Cemetery 1 Year Anniversary

On Wednesday, July 8, 2009, Iowa Veterans Cemetery director Steve Young presented an update on the cemetery to the Iowa Commission on Veterans Affairs. This week marked the one-year anniversary of the dedication of the cemetery, which took place on July 7, 2008.

Since that time there have been 296 burials at the cemetery. This is an average of about 6 burials a week since opening day. While every week has seen a burial, some weeks there are as few as two, other weeks they have had up to thirteen burials.

On opening day the cemetery had about 580 applications for burial. Since then there been nearly 3,000 applications. The staff working indoors at the cemetery spends a majority of their time processing these applications. They process about 44 a month.

The cemetery staff consists about 7 authorized full time equivalents (FTEs). Four of those work outside on the grounds and the remaining three are inside staff. Currently the cemetery is short on staff as one position was vacated in January and hasn't been filled yet due to the state's current

hiring freeze. Another employee has been out for medical reasons for the past two months, but is due back to work soon. These two vacancies have meant that only two full-time employees have been on-hand to take care of the grounds, which covers 40 acres. This involves all ground maintenance and burial site preparation. Mr. Young stated that it has been difficult keeping up with the constant workload.

The Iowa Department of Transportation has been helpful in some upkeep of the grounds. The Iowa Living Road Trust Fund provides funding for integrated roadside vegetation management activities, including the preservation, establishment, and maintenance of native vegetation along Iowa's roadsides, and the beautification of roadsides. The IVC has been able to use

the trust fund to help keep the landscaping around their sign, which faces and is visible from the interstate.

The cemetery also has two volunteers on staff who are veterans. They work one day a week at the cemetery and assist in greeting visitors and families coming for burials.

Mr. Young mentioned that the cemetery is getting very positive attention. They are continuing to do outreach, and presentations when asked, but he feels the cemetery sells itself pretty well.

For more information on the Iowa Veterans Cemetery, visit them at <https://www.iowava.org/vetcemetery/>.



## Ways and Means

(Contact Matt Hinch at 1-3298.)

### Big Government Wants More Of Your Money Back!

Since February, House Republicans have been talking to anyone who will listen about the reality of a stealth tax increase creeping up on struggling Iowa families if the legislature failed to act. Unfortunately, the legislature did not act and now Iowans are feeling the pain. Iowa taxpayers are beginning to receive letters from their tax preparers stating they have to pay a portion of their 2008 refund back to the State of Iowa. The reason for this is because the Democrat led legislature didn't think it was important to adopt changes to the tax code made by Congress in 2008.

Because Iowa tax laws are rooted in federal tax code, each year the Iowa Department of Revenue proposes the Internal

Revenue Code Update, legislation to modify Iowa's income tax code to reflect the changes made to the federal income tax law. Each year as a matter of state public policy the Iowa legislature typically conforms or couples with the changes made by Congress, but the legislature also has the ability to not conform or uncouple. There have been instances throughout the years when the legislature conformed with some provisions and not others. However, it has been at least 20 years since the legislature failed to pass an Internal Revenue Code Update Bill.

Because it is so rare that the legislature fails to pass an Internal Revenue Code Update bill, the Department of Tax and

***"...a vote was taken to pass the coupling bill in the House Ways & Means Committee in February, but was defeated as all Democrats voted no."***

Revenue provided guidance to tax preparers and filers to file returns as if the legislature would couple with the federal changes outlined in HSB 105.

Accordingly, Iowans filed their taxes under the impression they would be able to reduce their state tax liability by taking ad-

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vantage of many important tax benefits made available to flood victims, college

students, parents and teachers. The same tax benefits afforded to lowans for federal tax purposes. Unfortunately, Democrats thwarted House Republican efforts to con-

sider and pass HSB 105. In fact, a vote was taken to pass the coupling bill in the House Ways & Means Committee in February, but was defeated as all Democrats

**Table 1. State Fiscal Impacts from Federal Tax Legislation in 2008**  
Conformity with Major Provisions (Millions \$)

Provision	FY2009	FY2010	FY 2011	FY 2012
<b>Worker, Retiree, and Employer Recovery Act of 2008</b>				
Waiver of pension/IRA minimum required distribution for CY09	-1.301	-6.730	0.000	0.000
<b>Emergency Economic Stabilization Act of 2008 (plus Disaster, Energy, and Extenders)</b>				
<i>Individual Income Tax</i>				
Increase AMT exemption for 2008 to \$69,950/46,200 from \$45,000/33,750	NA	NA	NA	NA
Increase AMT refundable credit and remove AGI limits	NA	NA	NA	NA
Option to deduct state and local sales taxes rather than income taxes <sup>a</sup>	0.000	0.000	0.000	0.000
Deduction for college tuition and fees	-12.328	-11.908	0.000	0.000
Deduction for educator expenses	-0.653	-0.635	0.000	0.000
Property tax deduction of \$500/\$1,000 for non-itemizers in TY 2009	NA	NA	NA	NA
Tax-free IRA distributions for 70 1/2+ up to \$100,000	-1.019	-0.683	-0.160	-0.066
Refundable threshold of child tax credit at \$8500	NA	NA	NA	NA
Itemized deductions for disaster loss, no AGI test or minimum	-2.523	0.000	0.000	0.000
Penalty-free loans from qualified retirement plans	-2.002	-0.353	0.177	-0.059
Waiver of limitation on charitable contributions for relief	-2.726	-0.550	0.376	0.292
Look back rules for earned income	-0.559	0.000	0.000	0.000
Increase in charity standard mileage rate	-0.038	0.000	0.000	0.000
Expansion of Hope and Lifetime Learning Credits	NA	NA	NA	NA
Additional personal exemption of \$500 for guests	NA	NA	NA	NA
Exclusion of debt cancellation from income	-0.236	-0.118	0.000	0.000
Additional standard deduction for casualty loss	NA	NA	NA	NA
Expensing of qualified disaster expenses (small business)	-0.285	-0.854	-0.626	-0.228
Extend and modify credit for residential energy efficient property	NA	NA	NA	NA
Energy credit for small commercial wind property	NA	NA	NA	NA
Credit for plug-in electric vehicles	NA	NA	NA	NA
Extension of credit for energy efficiency improvements to existing homes	NA	NA	NA	NA
Extension of energy efficient appliance credit	NA	NA	NA	NA
Extension of section 48 energy tax credit	NA	NA	NA	NA
<i>Corporate Income Tax</i>				
Extend and modify federal research tax credit <sup>d</sup>	NA	NA	NA	NA
Bonus depreciation for qualified disaster property	-24.128	-38.035	-34.980	-16.916
Employee retention credit for Midwestern disaster	NA	NA	NA	NA
Low-income housing credit for Midwestern disaster	NA	NA	NA	NA
Treatment of NOL attributable to Midwestern disaster	-4.756	-2.648	0.200	0.877
Employer credit of 30% of cost for providing lodging in disaster	NA	NA	NA	NA
Special depreciation allowance for certain reuse and recycling property	-0.010	-0.021	-0.021	-0.017
Extension of renewable energy credit (wind energy)	NA	NA	NA	NA
Extension of credit for energy efficient commercial buildings	NA	NA	NA	NA
Extension of credit for energy efficient new homes	NA	NA	NA	NA
Extension of election to expense certain refineries	NA	NA	NA	NA
Biodiesel blending credit	NA	NA	NA	NA
Alternative fuel vehicle refueling property credit	NA	NA	NA	NA
<b>Heroes Earnings Assistance and Relief Tax Act of 2008</b>				
Permanent extension of election to include combat pay as earned income	-0.003	-0.004	-0.003	-0.001
<b>Heartland, Habitat, Harvest, and Horticulture Act of 2008</b>				
Limitation on excess farming losses for certain taxpayers	0.000	0.435	0.879	0.942
<b>Housing and Economic Recovery Act of 2008</b>				
Refundable first-time homebuyer credit up to \$7,500 with 15 year recapture	NA	NA	NA	NA
Property tax deduction of \$500/\$1,000 for non-itemizers in TY 2008	NA	NA	NA	NA
<b>Economic Stimulus Act of 2008</b>				
Recovery rebates for individuals	NA	NA	NA	NA
Increase 179 expensing for small businesses	-1.385	-0.924	0.770	0.462
Bonus depreciation for businesses <sup>c</sup>	NA	NA	NA	NA
<b>Total for 2008 Legislation</b>	<b>-53.951</b>	<b>-63.028</b>	<b>-33.389</b>	<b>-14.713</b>
<b>Total for 2008 Legislation NOT Incorporated in IDR December REC Estimates</b>	<b>-37.462</b>	<b>-49.562</b>	<b>-34.159</b>	<b>-15.175</b>

a. It is believed nearly all Iowa itemizers choose to deduct state and local income rather than sales taxes, thus there would be no change in Iowa tax liability.  
 b. Iowa law maintains a research activities credit, thus federal extension would not create any conformity costs.  
 c. Iowa did not couple with this provision during the 2008 Legislative session. At that time, the estimated cost of coupling was \$-18.1 million in FY 09, \$-48.3 million in FY 10, \$-6.1 million in FY 11, and \$14.6 million in FY 12.

voted no.

Attached is a table provided to the Legislative Service Agency from the Department of Revenue outlining the federal tax changes and the cost of providing struggling lowans with relief. A few key tax benefits and their estimated costs Democrats are asking lowans to pay State Government include:

- Deduction for college tuition and related expenses – \$12 million
- Deduction for educators out of pocket expenses – \$650,00
- Itemized deductions for disaster losses, no AGI test or minimum – \$2.5 million
- Ability to carry back losses attributable to disaster – \$4.75 million
- Bonus depreciation for qualified disaster property – \$24 million
- Expensing of qualified disaster expenses for small businesses – \$285,000

According to the chart on the left the total cost of coupling is \$54 million. The total cost of disaster related coupling provisions is roughly \$31 million.