

August Electronic Newsletter

Hello again 79th District:

I have so much to share with you about state issues that I will have two newsletters this month. My philosophy is to run the risk of giving you too much information and let you decide what to read, study, or ignore. Once again I thank our staff for these reports. My only direction to them is to base the articles on fact and no partisan jabs. I do not necessarily agree with all of the analysis but I want you to have the opportunity to read what I read.

As always please let me know if you have any questions or comments. I have visited all 11 District communities at least three times each this summer. One more parade...I will see some of you at Rochester on Labor Day! I am off to make fence in our creek pasture as soon as I find some of my sons who seem to have a sixth sense of when to be unavailable.

Jeff

Iowa Ag Secretary Refocuses Sell Iowa Grown Products Program

In August, Iowa Secretary of Agriculture Bill Northey announced that his agency was relaunching its effort to encourage the sale of Iowa grown products which involves a new name for the program and that an agreement for such sales has been made with Wal-Mart stores across the state.

The new program is titled – "**Choose Iowa**" and it replaces and supersedes the "*Taste of Iowa*" program that was initiated a number of years ago. The new program shifts the focus of the effort from showing Iowa consumers that attractive and high quality produce can be produced by Iowa farmers, to encouraging retail marketers in the state to stock these products in their stores for Iowa consumers. The prior program did a good job of linking Iowa grown products with local farmers' markets and the new program will make the next step of getting more of such products in the retail venue where most Iowa households purchased their food.

Secretary Northey says that there will still be a farmers' market aspect to the initiative, but the new program will have a greater emphasis on getting more of the product sold to local consumers. The prior success of the "*Taste of Iowa*" program, which reacquainted and introduced a new generation of Iowa grown products via local farmers markets, has set the table for the next step of offering products in the retail market where most of Iowans food is bought.

A growing number of major retailers in Iowa are now establishing sections that feature locally grown foods. During the Secretary's announcement of the program, Linda Kramer, who owns specialty food stores in Comanche and Des Moines, noted that prior participation in a pilot program that tested the sale of local products in eastern Iowa Wal-Mart has paved the way for access to over 500 Wal-Mart outlets since April 2007. Likewise, Ron Mark, the owner of Summerset Wines (Indianola) who started his business in his garage 10 years ago, now has products in 10 different Wal-Marts around the state.

Water Quality Expert Cautions EPC of Pollution Risks with Heedless Biofuels Expansion

On Tuesday, August 7, Rick Cruse, director of Iowa State University's Iowa Water Center, provided a presentation to the Environmental Protection Commission outlining the potential risks and benefits that might accrue with further development of Iowa's booming biofuels economy. The presentation emphasized that future decisions on what crops to grow and how they will be processed to biofuels will determine whether biofuel production expansion in Iowa will alleviate or exacerbate agricultural pollution problems in Iowa. "The political machinery has said with multiple voices that Iowa is, has been and will be the bio energy capital of the world," Cruse said. "If done correctly, it could be the '*Garden of Eden*' literally. If done inappropriately, it might look like the Saudi Arabian desert, with an empty field underneath it."

In his power point presentation to the commission, Mr. Cruse noted the potential risks and benefits of different types of biofuels production expansion which he categorized into four potential paths. These were:

- (1) continuing and increasing reliance on crop monocultures (row crop corn and soybeans) with concentrated processing utilizing mainly fermentation processes;
- (2) row crop monocultures with a diversifying processing that in addition to the fermentation process would utilize emerging chemical processing such as pyrolysis to convert nongrain portions of crops into biofuels;
- (3) retain and diversify Iowa crops to include more perennial crops such as forages and greater utilization of crop residue through emerging fermentation processing; and
- (4) expand the cropping of perennial crops with spread-out harvest seasons and decentralized initial pyrolysis processing with final refinement occurring at centralized locations.

While a lot of recent public and national political discussion about further expansion of biofuels production has involved cellulosic portions of the plant, there are some significant hurdles to consider. For one, fermentation processes are quite sensitive to impurities and bulk vegetative plant materials such as corn stover, especially if harvested late in the fall when drying conditions are marginal, are apt to have considerable amounts of molds and fungi that might interfere with fermentation processes. In addition, the potential widespread collection and storage of very bulky plant materials will be difficult to accomplish with current and likely farm labor and machinery resources. For example, in order to provide the cellulosic materials to fuel a 100 million gallon ethanol plant, the amount of corn stover needed would be a pile 25 feet deep and covering 100 acres. Furthermore, Cruse noted to the commission, if the nation moves to convert most corn stubble into energy, it will rob the land of residue cover and soil organic matter it needs to protect itself from soil erosion, and significantly reduce the recycling of plant nutrients that keep Iowa soils fertile. A better option, Cruse opined, would be to utilize multiple crops—including corn, switchgrass and other perennial plants, intelligently used and located to minimize potential soil erosion and pollution consequences. If used in conjunction with a farm or community-based initial processing, it could resolve potential harvest, storage and transportation bottlenecks while reserving to farmers a greater amount of value—added processing profits.

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Some commission members were skeptical that farmers would be willing to get into the processing business or grow less valuable crops such as switchgrass. Commission vice-chair Mary Gail Scott of Cedar Rapids noted, "It could be done, but is that really what a farmer wants to do, run a cellulosic ethanol plant?" Likewise, Monty Shaw, the executive director of the Iowa Renewable Fuels Association, expressed doubts that Cruse's worst case scenario will happen in Iowa. He noted cellulosic processing of corn stover will be only a secondary role to grain fermentation to ethanol and farmers have the common sense to retain enough plant residue to protect their largest investment, which is fertile cropland.

Credit Freezes – The Next Step in Identity Theft Protections?

Continuing a trend that began in California in 2001, thirty states and the District of Columbia have now implemented a way for their citizens who are victims of identity theft to fight back. Credit freezes allow citizens to prevent identity thieves from establishing new lines of credit. Proponents of the credit freeze concept claim that the process gives consumers more control over their credit history and allows them to control who has access to this sensitive data. Those opposed to the freezes say it does nothing to prevent identity theft and can serve as an impediment to obtaining new credit or getting a job requiring security clearance.

This concept has started to generate discussion in Iowa, so here is brief explanation of a credit freeze and how it works.

What is a credit freeze? A credit freeze restricts a credit reporting agency from releasing an individual's credit report or any information from the report without authorization from the individual. Who can implement a credit freeze varies from state to state. Some states limit this to victims of identity theft, while others make it available to all citizens.

How does this stop identity theft? Since the freeze prevents the establishment of new credit lines for a person, the perpetrators of identity theft are stopped from drawing additional funds against the person. The freeze also helps to identify when the perpetrators are trying to obtain the credit and locate them as well.

How does a credit freeze work? The process for implementing a credit freeze is pretty similar between states with credit freeze laws. To place a credit freeze, the eligible person must write to each of the three credit bureaus. They must provide identifying information. For example, in California, identity theft victims are required to provide a copy of their police report of identity theft to the credit bureaus. Californians who are not victims of identity theft are required to pay a fee of \$10 to each of the credit bureaus for the freeze. The fee amount varies between the states.

Can a person open new credit accounts if my files are frozen? Yes. If a person wants to open a new credit account or get a new loan, they can lift or "thaw" the credit freeze on their file. Each state has different rules on how lifting the freeze occurs and how long it is up. Some states require people to submit a written request, while others allow this request to be done electronically or over the phone. States also vary on the amount of time in which a credit reporting agency has to lift the freeze (30 minutes to several days) and the fee that can be charged for this service.

Can a creditor get a person's credit score if their file is frozen? No. A creditor who requests a file from one of the three credit bureaus will only get a message or a code indicating that the file is frozen.

Will a credit freeze lower a person's credit score? No

Can a person get a copy of their own credit report if their file is frozen? Yes. A person still has the right to examine their own credit report even if a credit freeze is in place.

Can anyone see a person's credit file if they have had it frozen? When a person has a security freeze on their credit file, certain entities still have access to it. States still allow a credit report to be released to a person's existing creditors or to collection agencies acting on their behalf. They can use it to review or collect on that individual's account. Other creditors may also use the information to make offers of credit - unless the person has already opted out of receiving such offers. Government agencies may also have access for collecting child support payments or taxes or for investigating Medicaid or welfare fraud. Government agencies may also have access in response to a court or administrative order, a subpoena, or a search warrant.

Changes in Passport Requirements Create New Problems For Those Seeking To Avoid Paying Child Support

As Americans prepare to travel abroad, those who fail to keep their child support obligations in order are finding out about improved ways to get them to pay up.

As part of the 1996 Welfare Reform legislation passed by Congress, a number of new requirements for child support enforcement went into effect. As part of these requirements, states were required to create a database of parents who owed back support. This database is provided to the federal government, since the State Department is required to deny a passport to a person who is at least \$5000 delinquent on their support obligations.

This requirement went into effect in 1998, with some success. In 2006, Congress lowered the delinquency threshold to \$2500, catching more delinquent parents. But, the growth in child support recovery is due to new Homeland Security requirements. The federal government is requiring air travelers leaving the country to have a passport. That change has allowed states to increase the amount of collected delinquent support to the point that last year's total from passport actions - \$22.5 million - was already topped in seven months.

The amount recovered from people seeking passports is expected to go even higher in the near future as passport requirements are implemented for Americans traveling abroad via land or sea over the next couple years.

Federally Required Fee For Using State Child Support Agencies Goes Into Effect

Another part of the child support changes passed by Congress in 2006 was a new fee required for certain child support cases. The current system allows any parent to seek the assistance of the Child Support Recovery Unit for child support payments, no matter what their income is. In many states, including Iowa, parents of all income levels use the CSRU to handle their child support payments.

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The new federal rule requires states to collect a \$25 annual fee from a child support case they administer that received at least \$500 in payments each year. Cases that are from a participant in the Family Investment Program are exempt from the fee.

Several state child support agencies, including Iowa's, have raised concerns about collecting the fee. The current requirement means the fee could actually be deducted from the child support payment. The Department of Human Services sought federal approval to collect the fee from the non-custodial parent as an additional charge. Federal approval has not been received, and thus DHS will begin to collect the fee from the payment.

Duck Hunting Forecasters Predict Excellent Fall Flight

The beginning of this year's waterfowl season is just weeks away and optimism is running high as hunters prepare for fall. According to a joint summary released by the U.S. Fish & Wildlife Service and Canadian Wildlife Service, this year's survey of duck breeding populations increased 14 percent over 2006, and was 24 percent above the long term [1955 to 2006] average. Couple those duck counts with extremely desirable spring habitat conditions across the eastern Dakotas and prairie Canada — where overall May pond counts were 44 percent above the long term average and ponds in southern Canada were the fourth highest ever recorded — and you produce a fall duck migration that will easily exceed 100 million birds.

This year's fall duck flight will contain a large percentage of young birds — mallards, teal, redheads, canvasback, gadwalls, and others - which should bode very well for Iowa hunters. As young ducks migrate south, they tend to explore new habitats and, because they're less experienced, are much more susceptible to hunters' decoys.

But, although guaranteed waves of webfoots will be departing the breeding grounds come in autumn, knowing exactly where to intercept those flights can become the hunter's greatest challenge. Because Iowa is located smack in the middle of the north/south flyway, hunter success here hinges largely on developing fall weather patterns and the condition of local wetlands. Future weather patterns are impossible to predict, but a preseason visit to your local duck pond can pay big dividends when opening day finally arrives.

Many of the state's river systems are also experiencing low water levels. This could present problems when it comes time for managers to divert [river] water needed to fill popular public hunting areas such as Otter Creek and Big Marsh.

By contrast, water levels along the upper Mississippi River are more than adequate. Many of the river's backwater areas are currently well vegetated and these food rich habitats should appear very desirable to southbound waterfowl.

Another potential bright spot in this year's habitat mosaic is that wetlands in northern Minnesota are currently supporting an excellent crop of wild rice. If those rice beds attract and hold large numbers of birds, it will help Iowa hunters immensely.

Bridges, Roads, Federal Funding, and Finally the Gas Tax

The month of August has been a busy month regarding bridges, roads, federal funding and the gas tax. It all started during rush hour on August 1, with the collapse of the I-35W bridge in Minnesota. The I-35W bridge is an eight-lane 1,900 square foot steel truss bridge which carried 140,000 vehicles daily. At the time of the accident, the bridge had a 50% rating and was noted as structurally deficient.

This accident has brought a large amount of attention to Iowa's bridges and their safety. One of the words many have focused on is "structurally deficient." A bridge is classified as structurally deficient if there is a deteriorating structural component(s). The DOT states that this term does not mean a bridge is unsafe. In fact among the 4,000 bridges on Iowa's state highway system, 6.4 percent are classified as structurally deficient.

However, there are four state bridges that have characteristics similar to the one in Minnesota. Those bridges include the U.S. 275 South Omaha Bridge, Iowa 926 Bridge in Fort Dodge, Iowa 9 Bridge in Lansing and the I-74 Bridge in Bettendorf. In addition to the state bridges, two bridges in Emmet County as well as one bridge each in Monona, Pottawattamie and Taylor counties and the cities of Coon Rapids, Ottumwa and Burlington also have similar characteristics. All of these bridges were included on the federal advisory request the proper jurisdiction to report on their inspection plans. Three of the four state bridges have had an initial inspection, with the Nebraska Department of Roads planning to inspect the U.S. 275 Bridge in the coming weeks.

Only a few weeks after the Minnesota bridge collapse, the DOT brought to the public's attention a July federal Office of Management and Budget (OMB) report that indicated states may receive substantially less federal Highway Trust Fund dollars in federal FY 2009 and beyond than had been previously projected. The new prediction includes a \$4.3 billion shortfall. The shortfall is attributed to the lower than expected fuel tax receipts and continued financial outlays at levels based on the original revenue estimates. For fiscal year 2009, Iowa has projected it will receive approximately \$386.6 million in federal-aid formula funds for its highway programs. This represents 26 percent of Iowa's total highway program funding.

Governor Culver just last week reiterated his position that he does not support a gas tax increase. He indicated support for increasing funding for Iowa's infrastructure however, he believes there are a lot of other alternatives to the gas tax. His alternatives probably mean an increase in registration fees for pick-ups as well as cars.

All of this news will likely lead to many interesting discussions with the TIME-21 funding interim committee that meets later this fall. At this time, DOT and Fiscal Services staff is pulling together information regarding our current system and potential changes to how the state funds the RUTF and the TIME-21 fund.

Regents FY 08 Budget Approved by Board

Six weeks into the FY 08 fiscal year the Board of Regents gave final approval to the universities' \$3.6 billion budget. Here's an overview of the revenues, expenditures, increases, and cost savings expected during the fiscal year.

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\$3.6 billion budget includes :

Revenue:

- \$700 million in state General Fund appropriations
- \$400 million in federal funding
- \$575 million in tuition revenue
- \$1.1 billion in sales and services
- \$700 million in "other" income

Expenditures:

- \$2 billion for salaries
- \$840 million for professional and scientific support
- \$201 million in aid to students
- \$104 million for utilities
- \$280 million for capitals

Operating budgets at each university increase:

- University of Iowa: 7.2% increase
 - Iowa State University: 6.5% increase
 - University of Northern Iowa: 4.6% increase (Note: UNI is expected to realize a reduction in tuition revenue of \$1.1 million)
- \$25.6 million revenue increase expected from undergraduate tuition: At the December, 2006, meeting the Regents approved undergraduate tuition increase of 5.2%, which will raise an additional \$25.6 million in tuition revenue.
 - The three universities commit to internal budget reallocation of 1% or \$15.6 million. Funds will be redirected toward key strategic initiatives.
 - Athletic departments, which are independent entities, will realize revenue increases of 9.8% at U of Iowa, 9.7% at Iowa State, and 8.0% at UNI.

The FY 08 athletic budgets for the three universities are: U of Iowa - \$61.6 million; Iowa State - \$36.7 million, and UNI - \$10.2 million. Each athletic budget provides direct and indirect support to other departments within the universities.