FISCAL UPDATE October 02, 2001

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

* FY 2003 Department of Human Services Budget Requests

#### FY 2003

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**FY 2003 Budget Request** On September 12, the Council on Human Services approved the FY 2003 budget requests for the Department of Human Services. The FY 2003 request is $875.6 million from the General Fund, an increase of $86.3 million compared to the estimated FY 2002 appropriation. The following is a summary of the requests. Additional detail will be forthcoming in separate documentation from the Legislative Fiscal Bureau.

**Economic Assistance**

**Family Investment Program** Family Investment Program (FIP): $36,150,000. This is a decrease of $985,045 compared to the estimated FY 2002 appropriation. The request includes rapid statewide expansion of mandatory Food Stamp Electronic Benefit Transfer, eliminates the $0.07 reimbursement for retailers’ fees for Electronic Benefit Transfer, reduces funding for Food Stamps Employment and Training travel allowance, and reduces or eliminates several current programs funded with Temporary Assistance for Needy Families (TANF) federal dollars.

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**Emergency Asst. Program** Emergency Assistance Program: $0. This is a decrease of $10,000 compared to the estimated FY 2002 appropriation. The request eliminates all funding for the Emergency Assistance Program and for the Community Voice Mail.

**Child Support Recovery** Child Support Recovery Unit: $6,873,702. This is an increase of $806 compared to the estimated FY 2002 appropriation. The estimated Child Support collections for the FIP are $13.9 million and $245.0 million in total collections.

**Medical Services**



**Medical Assistance Program** Medical Assistance Program: $478,198,857. This is an increase of $65,048,857 compared to the estimated FY 2002 appropriation. The request includes estimated increases in eligibles and costs based on FY 2001 actual experience and FY 2002 projected shortfall of $20.0 to $25.0 million. There are no proposed changes in the categories of optional eligibles or optional services. Additional funding is also included for the Adult Rehabilitation Option for state cases. A decrease in appropriation is estimated due to an increase in federal Disproportionate Share Reimbursement allotment of $6.8 million.

**HIPP** Health Insurance Payment Premium (HIPP): $600,000. This is a decrease of $15,585 compared to the estimated FY 2002 appropriation.

**CHIP** State Children’s Health Insurance Program (CHIP): $14,721,298. This is an increase of $6,321,298 compared to the FY 2002 appropriation. The request reflects an increase in state matching funds for the Healthy and Well Kids in Iowa (HAWK-I) Trust Fund due to estimated increases in eligibles. There is a decrease in the request based on an offset from the remaining balance of the HAWK-I Trust Fund estimated for end of FY 2002.

**Medical Contracts** Medical Contracts: $8,918,759. This is an increase of $218,759 compared to the FY 2002 appropriation. This includes an increase in claims processed resulting from the increased eligibles estimated in the Medical Assistance Program. Also included is funding for contractual services for the State Maximum Allowable Cost (SMAC) Program relating to pharmaceuticals. The Program is estimated to generate State funds savings of $1.8 million in the Medical Assistance Program.



**State Supplementary Asst.** State Supplementary Assistance: $19,914,761. This is an increase of $364,761 compared to the FY 2002 appropriation. This includes increases in the maximum reimbursements for Residential Care Facilities and In Home Health Residential Care providers of 2.16%. The increase is intended to allow the DHS to meet federal Maintenance of Effort (MOE) requirements.

**Adult, Children, and Family Services**

**Child Care Services** Child Care Services: $5,505,752. This is the same as the FY 2002 estimated appropriation.

**Toledo Juvenile Home** Toledo Juvenile Home: $6,940,521. This is an increase of $2,305 compared to the FY 2002 estimated appropriation.

**Eldora Training School** Eldora Training School: $11,446,949. This is an increase of $3,088 compared to the FY 2002 estimated appropriation.



**Child and Family Services** Child and Family Services: $112,353,464. This is an increase of $6,353,464 compared to the FY 2002 estimated appropriation. This includes increases for adoption subsidy caseloads, computer system changes, quality service reviews, changes in the number of children being served thought eligible for federal funding, and foster home insurance contract costs. This includes decreases for changes in the federal match rates, the fiscal agent contract for residential treatment services, the contract with the foster parent association, child care for subsidized adoption families which is proposed to be replaced by federal child care funds, 5.0 FTE positions relating to residential treatment services, using federal funds for various adoption recruitment expenditures, and delinquency programs.

**Community Based Services** Community Based Services: $315,879. This is a decrease of $217,970 compared to the estimated FY 2002 appropriation by eliminating the State funding for Teenage Prevention Grants.

**Family Support Subsidy** Family Support Subsidy: $2,132,284. This is an increase of $42,426 compared to the estimated FY 2002 appropriation to expand the Children at Home portion of the line-item.

**Child Protections** Centralized Intake Child Protection Unit: $250,000. This is the same as the estimated FY 2002 contingent appropriation. The FY 2002 appropriation is contingent upon creation of the Unit by the 2002 General Assembly.

**Mental Health Components**

**Conners Training** Conners Training: $46,000. This is the same as the estimated FY 2002 appropriation.

**Cherokee** Cherokee Mental Health Institute: $14,293,099. This is the same as the estimated FY 2002 appropriation.

**Clarinda** Clarinda Mental Health Institute: $8,121,207. This is an increase of $5,426 compared to the estimated FY 2002 appropriation.

**Independence** Independence Mental Health Institute: $18,633,731. This is an increase of $1,091 compared to the estimated FY 2002 appropriation.

**Mt. Pleasant** Mt. Pleasant Mental Health Institute: $5,990,111. This is an increase of $7,595 compared to the estimated FY 2002 appropriation.

**Glenwood** Glenwood State Resource Center: $2,741,088. This is a decrease of $1,630,034 as a result of additional federal funding from FY 2002 salary funds.

**Woodward** Woodward State Resource Center: $1,895,303. This is a decrease of $1,449,435 as a result of additional federal funding from FY 2002 salary funds.

**Special Needs** Special Needs Grants: $53,212. This is the same as the estimated FY 2002 appropriation.

**State Cases Program** State Cases Program: $14,637,000. This is an increase of $1,937,000 compared to the estimated FY 2002 appropriation due to increased cases and cost per case.

**Community Services** Community Services Fund: $19,560,000. This is the same as the estimated FY 2002 appropriation.

**Personal Asst. Program** Personal Assistance Program: $164,000. This is a decrease of $100,000 compared to the estimated FY 2002 appropriation continuing the phase-out of the Program initiated in FY 2002.

**Sexual Predator Program** Sexual Predator Program: $4,918,581. This is an increase of $3,520,624 compared to the estimated FY 2002 appropriation. This includes increases to replace an FY 2001 carryforward into FY 2002, annualization of additional staff added in FY 2002, staff and client costs related to an estimated average daily census of 47 in FY 2003, staff and related costs to a proposed community residential placement program, costs related to additional staffing if the location is moved from the Iowa Medical Classification Center at Oakdale to another location.



**Allowable Growth** Mental Health Allowable Growth: $14,874,702. This is an increase of $5,541,581 compared to the estimated FY 2002 net appropriation. This increase has been enacted in HF 755 (Standing Appropriations Act) for FY 2003.

**Administration**

**Field Operations** Field Operations: $52,998,670. This is an increase of $1,023,435 compared to the estimated FY 2002 appropriation. This includes additional staffing costs.

**General Administration** General Administration: $13,715,546. This is an increase of $34,770 compared to the estimated FY 2002 appropriation. The request includes $2.0 million appropriated for FY 2002 in HF 755 (Standing Appropriations Act). The increase includes the State share of 3.0 FTE positions that are paid from the Child and Family Services Program in FY 2002.

**Volunteers** Volunteers: $118,250. This is the same level compared to the estimated FY 2002 appropriation.

**TANF** TANF Funding: $142,479,321. This is a decrease of $6,386,387 compared to the estimated FY 2002 appropriation. The request assumes a $131.5 million TANF grant award and $11.0 million estimated surplus at year-end of FY 2002.

**Senior Living Trust** Senior Living Trust Fund: $46,483,406. This is the same level compared to the estimated FY 2002 appropriation.

**Tobacco** Tobacco Trust Fund: $32,771,426. This is the same level compared to the estimated FY 2002 appropriation.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

* September Council on Human Services Meeting

**Council Meeting** The Council on Human Services met September 11 and 12 and conducted the following business. The FY 2003 Budget Requests acted upon at the meeting are in a separate entry within this ***Fiscal Update***. The FY 2003 non-Budget items included:

**Rule Approval** Administrative Rule approval:



Elimination of the Transitional Child Care Assistance Program within Administrative Rules. The Program was eliminated in FY 1999, with a two-year period of eligibility for those already enrolled. Information indicates no fiscal impact due to the rule change.

Suspension of food stamp benefits when retrospective income limits are exceeded. The United States Department of Agriculture has rescinded Iowa’s waiver which eliminated the suspension. Although the food stamp benefit is 100.0% federal funds, the computer changes necessary will require up to $50,000 (one-half State funds and one-half federal funds) in cost.

Revision of various workforce and job training programs. This includes creating a permanent program for the Workfare for Able-Bodied Adults without Dependents Program, to replace the pilot program which expires September 30, 2001. Information indicates that 200 individuals would be eliminated from food stamp benefits. Food stamp benefits are 100.0% federal funds, while the information indicates administrative costs are unknown to implement these changes.

Implementation of a new Medicaid coverage group for certain women with breast and cervical cancer. For FY 2002, the General Assembly appropriated $250,000 from Tobacco Settlement Funds for this coverage. Information indicates the most recent FY 2002 cost estimate is $356,000 of State funds and $936,000 of federal funds.



Revision of the Statewide average costs and average charges pertaining to reimbursement of various nursing facilities. This data is used to determine the months of ineligibility as a result of transferring assets to be eligible for Medicaid. Revises also the mental health institutes, psychiatric medical institutions for children, and intermediate care facilities for the mentally retarded. This data is used to determine disposition of income due to the establishment of a trust relating to eligibility for Medicaid. Information indicates the estimates of fiscal impact are not available.

Revision of various reimbursement rates based upon action by the 2001 General Assembly for FY 2002. Since the notice of intended action was filed, the 3.0% reduction in the reimbursement rate for case management providers and rehabilitation services for adults with chronic mental illness providers has been eliminated, and thus the 3.0% reduction restored. Information does not include the difference in funding for this change. Details regarding the changes in various rates are available upon request.

Revision of the 30-day institutional requirement for home and community based waivers for persons with a brain injury based upon action by the 2001 General Assembly. The revision also includes changes regarding legal settlement and when counties are responsible for payment. Information indicates the State portion of the cost for the revisions is 27.19% or $386,776, and the remainder is federal funds. Information indicates the funds were included in the FY 2002 budget.

Revisions regarding managed health care providers policies. Information indicates that the changes do not have a fiscal impact. Several organizations commented upon various portions of the proposed rule changes following the filing of notice of intended action. The Council chose not to alter the proposed rule revisions based upon those comments.



Increasing the mileage reimbursement rate for those participating in the Promise Jobs Program from 16 cents per mile to 21 cents per mile. The revision also changes the educational training time limit from 24 months within a 36-month period of time to 24 months within a 48-month period of time. Funding for the mileage reimbursement change was included within the Temporary Assistance for Needy Families (TANF) appropriation for FY 2002. The educational component change is expected to have only minimal cost impact.

Policy revisions for certain child care homes based upon action by the 2001 General Assembly. Information indicates the changes do not have a fiscal impact.

Update for income guidelines and fees for child care subsidy to parallel federal poverty guidelines. Information indicates the changes do not have a fiscal impact.

Increases in foster care and adoptive parent homes. Information indicates that 60.7% of the increase ($271,570) is State funds which were appropriated for FY 2002.

Changes the years of time from three to two for a nursing facility to be in existence to be eligible for nursing facility conversion and long-term care grants. This reflects changes enacted by the 2001 General Assembly.

Changes regarding access to dependent adult abuse information. The information indicates that the changes do not have a fiscal impact.

Elimination of the administrative rules relating to Wrap-Around Funding. The $1.2 million of FY 2001 funding was eliminated by the 2001 General Assembly for FY 2002.

Provides FY 2002 reimbursement rates as were provided for FY 2001 for rehabilitative treatment and support services.

**Future Approval** Approved rules for Director’s Report of Notice Action to be formally approved at a later meeting, including:

* Medicaid prior authorization and filing forms technical changes. Information indicates the changes are not to have a fiscal impact.
* Simplifying the Medicaid eligibility form and deleting obsolete references. Information indicates the DHS acknowledges there is a possibility that more people may become eligible for Medicaid with the less complicated form but is unable to estimate the cost.
* Revises eligibility requirements for the Rent Subsidy Program regarding the Home-and Community-Based Waiver Program, as required by the 2001 General Assembly. Fiscal information provided indicates that 25 additional people may become eligible for the Program via the changes in administrative rules and Session Law.
* Changes payments to hospitals from the Disproportionate Share Program. Changes take into consideration changes to the funds available for the Program. Information indicates there is not to be a fiscal impact from what is federally appropriated.
* Updating policies for the Interim Assistance Reimbursement Program. Information indicates the DHS already complies with changes required by the federal government and there should not be a fiscal impact.

Approval of the FY 2003 Budget Requests. A separate entry within this ***Fiscal Update*** delineates the requests by specific budget unit.

Reviewed and amended the summary from the retreat held during the August Council meeting. A copy is available upon request.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

* September Meeting of the Medical Assistance (Medicaid) Advisory Council

**Council Meeting** The Medical Assistance Advisory Council met September 5 and conducted the following business:



Received a report regarding the number of individuals eligible for Medicaid. For June 2001 (final month of FY 2001), there were 233,240 persons eligible for Medicaid, compared to July 2001 (first month of FY 2002) when there were 235,127 eligible. For June 2001, total expenditures (both State and federal funding) were $139.3 million compared to July 2001 total expenditures of $152.7 million. For comparative persons for the same specific month in July 2000 (first month of FY 2001), there were 211,413 persons eligible and total expenditures were $133.2 million.

Discussed possible comparisons of eligibility and expenditures with other states, possibly including:

* Percentage of population eligible.
* Specifics of benefit packages for those considered “optional” groups or services by the federal government.
* Expenditure per beneficiary.
* Designated funding streams and amount of funds from the specific stream.
* Whether demand of services and eligibles determine supply of funds compared to supply of funds determining services and eligibles.
* Action underway to limit the Medicaid increases occurring throughout the United States.

Discussion of changes in administrative rules underway, including:

* Changes in the application for the Medicaid Program.
* Changes in the Interim Assistance Reimbursement Program.
* Both of these administrative rule changes are delineated in a separate entry within this ***Fiscal Update*** relating to the September Council on Human Services meeting.

An update regarding the Healthy and Well Kids In Iowa (HAWK-I) Program, including the changes being requested by the Healthy and Well Kids in Iowa Board for FY 2003.

Discussion regarding the Medicaid deficit, including but not limited to:

* Timing of informing the General Assembly.
* Impact of eliminating the monthly reporting requirement, permitting eligibles to remain eligible for a greater period of time.
* The economy and possibility of increases in eligibles.
* The impact upon the Healthy and Well Kids in Iowa (HAWK-I) Program from double digit cost increases for insurance coverage for the general public.

Administrative Rules

* Status of the possible federal waiver for those applying for the Healthy and Well Kids in Iowa (HAWK-I) Program and eligible for Medicaid being required to accept only Medicaid services.

Desire for more detailed information at a future meeting regarding the costs of certain syringes being required by the Department of Inspections and Appeals compared to reimbursement rates for the costs.

Status of the role of the Medical Assistance Advisory Council and possible changes in the future.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

* September Meeting of Medicaid Infrastructure Grant Workgroup

**Workgroup Meeting** The Medicaid Infrastructure Grant Workgroup met on September 18 and conducted the following business:

Update on Legislative Contacts.

* Workgroup members met individually with Senator Deluhery and Representative Heaton regarding Personal Assistance Services (PAS). The workgroup has been attempting to obtain a State appropriation and to amend the State Medicaid Plan to add PAS as a Medicaid Service.



* A forum is being developed for a three-county area to discuss Personal Assistance Services and Olmstead with Legislators with the assistance of the Illinois Independent Living Center, which covers those counties.

Update for the Grant for Year Two.

* The Grant application has been approved for year two by the Center for Medicare and Medicaid Services, State Operations. Funds from this grant will be focused on getting Personal Assistance Services into the State Medicaid Plan. Work will continue these services within waivers. Unspent year one funds will carryover to year two.

Work To Do

* The workgroup brainstormed on short-range and long-range goals. The short-range goals include meetings with the Governor and Legislators on funding needs, writing the State Medicaid Plan amendment, looking at options for “pared down” benefits. Longer-range goals include a needs assessment tool, rules development, provider enrollment, manual development, and training for staff and providers.

Report



REPORT

* A draft report by the workgroup, which makes recommendations on creation of a Medicaid Personal Assistance Service State Plan Benefit, was discussed. The recommended funding needs were not incorporated into the DHS budget recommendations for FY 2003. Cathy Anderson, Deputy Director and Acting Division Administrator for Medical Services, explained the DHS funding situation and that no new programs/services were added in the budget.
* Workgroup members agreed to continue to advocate for the Service and to contact the Governor and Legislators to schedule meetings.
* The next meeting is scheduled for October 17.

STAFF CONTACT: Sam Leto (Ext. 16764)

* September Meeting of HAWK-I Board

**Board Meeting** The Healthy and Well Kids in Iowa (HAWK-I) Board met September 17 and conducted the following business:



Discussion and Adoption of Board Bylaws. The Board approved the bylaws, which identify the name and purpose, the membership, board meetings, officers and committees, duties and responsibilities, and method for proposing amendments to the bylaws.

Review of Correspondence, Reports, Other State News. This included articles on potential return of unused federal funding due to low enrollment, federal response to Indian Tribes’ request to design and implement their own Medicaid and State Children’s Health Insurance Programs, and how expansion of Medicaid coverage for children has had a positive impact on covering the uninsured, but has created a projected shortfall in the Medical Assistance budget for FY 2002, as it did in FY 2001.



Administrator’s Report

* Budget – This included a review of the State Children’s Health Insurance Program (SCHIP) federal funds available compared to the estimated federal funds needed and a letter from the U.S. General Accounting Office with State-by-State tables of actual expenditures and enrollment of children into the Program.
* Enrollment & Statistics - This included a report on applications received, renewals received, and total enrollment at the end of August.
* Outreach Training – This will be held September 25 in the Oak Room at the Botanical Center starting at 10 a.m. There will be several presenters, and it is not limited to DHS employees.

Administrative Rules for Adoption – The Board adopted amendments to Chapter 86 of the Iowa Administrative Code. The amendments were mainly to clarify and simplify existing processes.

Outreach Within Community Organizations – Maggie York of Mid Iowa Community Action presented to the Board. The discussion centered on availability and utilization of outreach funding.

The HAWK-Iapplication - Are we reaching everyone? – Mardi Barnes, Division of Latino Affairs, presented to the Board. The discussion was about translation of applications to Spanish and concerns expressed at previous Board Meetings.

“Carving Out” Dental Services - This included a review of Chapter 514I of the Iowa Administrative Code. The question was asked by Advisory Council if carve outs can happen and if the Board was acceptable to improve access.

Requiring Social Security Numbers for HAWK-I - Social Security numbers are not a current federal requirement, as they are for Medicaid. It is currently optional on HAWK-I applications. The Board was reviewing the possibility of making it mandatory to coincide with Medicaid, but decided to leave it optional.

Next meeting is scheduled for October 15.

**More Information** More information is available upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

* State Board of Education Meeting



**Board Meeting** The State Board of Education held its regular monthly meeting on September 20 and 21. The Board received reports from Central College faculty on the College’s Performance-based Teacher Preparation Program and from Thomas Paulsen, Iowa’s 2000 Ambassador for Education (Teacher of the Year).

**Recommendations** The Department of Education staff presented the four recommendations resulting from the AEA Restructuring and Reorganization Study. The FY 2001 Education Appropriations Act required the Department to “study and make recommendations for the alignment of area education boundaries in the event of voluntary AEA merger or restructuring to best ensure the equitable, effective, and efficient delivery of core AEA services to students and schools.” The Act required the Department to forward recommendations and reorganization plans to the AEA boards. Those recommendations are:

**Recommendations**

1. That some AEAs be reconfigured through voluntary consolidation. The Department suggests:

AEAs 2, 3, 4, 5, 6, 7, 14, 15, and 16 should merge with other AEAs in whole or in part. In the presentation, it was noted that surveys of K-12 staff conducted as part of the study reflect a high level of satisfaction with the AEAs, regardless of characteristics such as geographic size, enrollment density, or staffing ratios. Therefore, the Department concluded that carefully planned mergers, providing for continuation of services and programs that require close proximity to customers, could produce substantial cost savings without detracting from customer satisfaction.

If those AEAs do not undertake voluntary consolidation by 2005, legislation should be established to provide the State Board of Education with the authority to establish the number and boundaries of AEAs through a State plan that is reviewed periodically.

Mergers shall take into consideration current community college boundaries and campus locations and the location of other regional units of State government and shall, to the extent possible, provide for increased collaboration and integration of preK-12 programs and services.

1. That AEAs make internal changes necessary to provide services consistent with accreditation standards and the needs of schools and school districts. The Department’s suggestions include the involvement of local school administrators, both public and nonpublic, human service providers, and postsecondary institutions in standing advisory councils for each AEA. Another suggestion is that 5.0% of each agency’s foundation budget be committed to professional development for AEA staff. The Department also supports AEAs in continuing to seek reimbursement of costs from schools for requested discretionary programs and services.



1. That the Department immediately undertake a study to generate legislative recommendations regarding equitable funding across the AEAs. The Department suggests:

Funding should be changed to provide support for both educational and media services in a single funding mechanism determined through an equitable formula. The funding formula to support special education should remain separate but be adjusted to provide equity across the system.

A collaborative cost-benefit council should be established to assist the AEAs in developing and implementing practices to enhance the cost-benefit of services, including a system-wide data collection process.



1. That the Department, in cooperation with AEAs, actively pursue coordination of those State needs that will benefit from a cohesive statewide approach. The Department suggests:

The recommendations of the Department of Education and AEA System Design Committee, also presented at the meeting, be seriously considered as a basis for a coordinated statewide system of educational support to local schools and school districts. The System Design Committee recommendations include:  
-- Greater involvement of the Director of Education in the recruitment, selection, and evaluation of AEA chief administrators.  
--Expansion of the System Design Committee to serve as a standing oversight committee for statewide initiatives and coordination.

* The AEAs and the Department jointly employ a person, housed at the Department, to coordinate the services of Centers for Excellence, provide direction to the state-wide system, and maintain consistent support to schools in need of improvement.

The AEA system should study which programs and services do not require close proximity to customers; i.e., printing, virtual libraries and other resources shared via technology, operations and management, media delivery, expanded and shared data management systems, human resource support, professional development, and low-incidence special education support services. If it is determined that regionalization or even a state-wide single point of contact for such services is possible, appropriate action shall be pursued vigorously through 28E agreements between agencies.

**More Information** Further information is available by contacting the LFB or the Department of Education at 281-5296.

STAFF CONTACT: Robin Madison (Ext. 15270)

* Vision Iowa Board Meeting



**Board Meeting** The Vision Iowa Board was scheduled to meet in Pella on September 12. The meeting was delayed until September 17, due to the terrorists’ attack on New York and Washington. The Monday meeting was held at the Department of Economic Development in Des Moines and by teleconference. The following topics were discussed:

**Awards:** Prior to the Monday meeting, the Community Attraction and Tourism (CAT) Fund had $10.2 million available for awards in FY 2002 and $11.3 million for FY 2003 and for FY 2004. The Vision Iowa Board made four CAT awards.

The Adair County Recreation Center (Greenfield) received a $257,000 grant for a YMCA-managed center that includes a gymnasium, walking track, fitness room, therapy pool, racquetball court, game room, locker room, and space for other activities. The facility will also have the capacity to host local and regional sporting events and tournaments.

The Connect Iowa Project (Ames) received a $1.5 million grant over two years to develop a regional park with trail system called the Ames Nature Preserve. The project includes land acquisition and prairie-wetland ecosystem restoration in the Hallett's Quarry area north of Ames.



The Gladbrook City Centre, Theatre, City Hall, and Matchstick Marvels Project (Gladbrook) received a $241,000 grant, contingent on acceptable results from the ten-day public comment period. The project is to construct a multi-use facility that will house a movie theater, performance stage, and conference center. The complex will also include the Matchstick Marvels Tourist Center to display the work of Gladbrook resident, Pat Acton, who builds wooden models using matchsticks.

The Sumner Family Aquatic Center (Sumner) received a $37,000 grant, contingent on acceptable results of the ten-day public comment period. Sumner opened a $1.6 million aquatic facility on June 1, 2001. The State's assistance will aid the project's final components, including the addition of a drop-off area and entrance, play elements, shade elements for concessions, landscaping, and a gathering shelter.

The Board voted to consider possible future awards to projects in Algona and West Bend, so ten-day public comment periods can be held for these projects. A negotiating committee will be formed to discuss the Algona proposal.

As a result of these awards, the CAT Fund has $8.9 million remaining for FY 2002, $10.5 million for FY 2003, and the entire $11.3 million for FY 2004.

**Bonding**: State Treasurer Michael Fitzgerald reviewed the status of issuing the Vision Iowa bonds. Due to last week's terrorists’ attacks and their effect on the rating agencies, the bond sale will occur October 8th or after. The Board authorized the Office of the State Treasurer to proceed and handle the bond sale.



**Other Business:** Board members provided updates on various Vision Iowa projects, including public meetings and responses to Board requests.

**Next Meeting** The next meeting is scheduled for October 10 at the Pella Opera House in Pella.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

* Department of Transportation Budget Reversion



**Report Received** In compliance with Section 307.46(2) Code of Iowa, the Department of Transportation (DOT) submitted the following report on the use of FY 2000 reversions:

“The Department spent the FY 2000 Road Use Tax Fund/Primary Road Fund budget reversion of $500,000 in FY 2001 for software purchases and training employees.”

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* Supreme Court decision regarding FLSA



**Court Decision** The Iowa Supreme Court released a ruling September 6, Anthony et al v. State, regarding the Fair Labor Standards Act (FLSA) and Chapter 91A, Code of Iowa. The Supreme Court ruled against the State in a case that involves a group of Department of Public Safety workers who claimed that they were illegally denied overtime pay. The Supreme Court ruled that employees are not exempt from the application of FLSA overtime requirements because of the State’s disciplinary policy calling for suspensions without pay. According to 29 C.F.R. § 541.118, the salary basis test states that employees who are of exempt status cannot have reductions in pay for such things as disciplinary suspensions. If employees do have a reduction in pay for disciplinary actions, then those employees are entitled to overtime pay.

**Cases Still Pending** Four related cases are still pending. Approximately 300 employees from the Departments of Public Safety, Transportation, Corrections, and Natural Resources are involved in litigation.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

* Information Technology Department Lease Purchase Notification

**Lease Purchase** The Information Technology Department has submitted a lease purchase notification for the purchase of routing and switching equipment for the computer network on the Capitol Complex. The improvements are to provide increased speed and greater reliability of the system, as well as to simplify the technology.

**Project Cost** The total cost of the project is estimated at $238,600. This includes $222,500 in principal and $16,100 in interest at an estimated rate of 4.37% for a period of three years. Annual payments will total approximately $80,000.

STAFF CONTACT: David Reynolds (Ext. 16934)

* State Soil Conservation Committee Holds Meeting

**Committee Meeting** The State Soil Conservation Committee met in Des Moines on September 6. Chairperson Russ Brandes called the meeting to order.

**Presentations** The following presentations were made:

** Soil**

Conservation Committee

* Marty Atkins, Dennis Harper, and Del Christensen, members of the Iowa Watershed Task Force, provided an overview of the completed report. The Task Force was directed to study the condition of Iowa watersheds and to develop a plan that coordinates government groups and the private sector to protect the soil, improve the water quality, provide flood control, and conserve Iowa’s natural resources.
* Madeline Meyers, Committee Member, presented the budget request for FY 2003 as developed by the Long-Range Subcommittee. The request is for $10.3 million from the Rebuild Iowa Infrastructure Fund, with the following items included:

|  |  |  |
| --- | --- | --- |
| Description | FTE Positions | Requested Amount |
| Field Office Grazing Technicians | 3.00 | $ 4,000 |
| Field Office Wetlands Technicians | 2.00 | 56,000 |
| Field Office Livestock Technicians | 4.00 | 112,000 |
| Field Office Soil and Water Technicians | 4.00 | 112,000 |
| Field Office Program Manager | 1.00 | 48,000 |
| Field Representative | 1.00 | 48,000 |
| Support for Field Operations | 0.00 | 30,000 |
| Commissioner Operations | 0.00 | 250,000 |
| Urban Conservation Specialists | 5.00 | 180,000 |
| Urban Conservation Manager | 1.00 | 48,000 |
| Support for Urban Operations | 0.00 | 32,000 |
| Watershed Contracting Officer | 1.00 | 44,000 |
| Support for Watershed Contracts | 0.00 | 10,000 |
| Soil Survey Program Funding | 0.00 | 200,000 |
| Total | 21.00 | $1,254,000 |

* Jim Gillespie, Division of Soil Conservation, reported that information for watershed and water quality contracts has been distributed.
* Bill McGill, Division of Soil Conservation, reported that the State Auditor has issued a performance audit on the handling of cost share requests by the Field Offices. He explained that some of the recommendations would be implemented while others would be too expensive to put into action. The audit took three years to complete.
* Ken Towe, Division of Soil Conservation, reported that construction has been delayed on some of the reclamation projects due to rainy weather.
* Dean Lemke, Division of Soil Conservation, provided an overview of the Conservation Reserve Enhancement Program (CREP) that was recently approved by the United States Department of Agriculture. It is expected that there will be $38.0 million available over the next three years to build wetlands that will remove nitrogen from watersheds. He also explained that one of the agriculture drainage well closure projects in Wright County would be eligible for CREP funding, which would reduce the cost to the landowners.
* Jim Gulliford, Division of Soil Conservation, reported there are approximately 100 demonstration farm projects in place that remove nitrogen from water or involve livestock waste management practices. Funding for the projects is from the Environment First Fund.
* Bill Ehm, Department of Natural Resources, explained that the Department has completed Total Maximum Daily Load (TMDL) measurements for nine bodies of water in Iowa and expects to have six more completed before the year ends.
* Deb Ryun, Conservation Districts of Iowa, reported the annual meeting would be held December 13 and 14 in Marshalltown. A draft agenda was given to Committee members.

**Next Meeting** The next meeting will be a teleconference meeting on October 4.

STAFF CONTACT: Deb Kozel (Ext. 16767)

* Natural Resource Commission Holds Meeting

**Commission Meeting** The Natural Resource Commission held a meeting in Des Moines on September 5. The following items were discussed:



Linda Hanson, Administrator of the Administrative Services Division, presented the following construction projects to be approved by the Commission. They included:

* Hales Slough Wilderness Management Area paving project – low bid of $139,000 was approved.
* Beeds Lake State Park paving project – one bid received for $51,000 was approved.
* Loess Hills Forest paving project – low bid of $62,000 was approved.
* Lake MacBride State Park shoreline protection – low bid of $380,000 was approved.
* Big Creek State Park emergency bridge repairs – low bid of $50,000 was approved.

Linda Hanson presented the following land acquisitions for approval by the Commission:



* The donation of 61 acres in Buchanan County was accepted and will be managed by the Fish and Wildlife Division.
* The donation of 40 acres in Wapello County was accepted and will be managed by the Fish and Wildlife Division

Allen Farris, Administrator of the Fish and Wildlife Division, asked the Commission to approve a Notice of Intended Action to create Chapter 114, Nuisance Wildlife Control Regulations, in the Administrative Code. This would allow private business to capture and remove nuisance wildlife from residential and commercial property. The Commission approved the Notice of Intended Action.

Allen Farris asked the Commission to approve a statement to the Department of Transportation and the Federal Highway Administration regarding the extension of Highway 100 near the Rock Island State Preserve. The Commission voted to acknowledge receipt of the State Preserves Advisory Board’s Position Statement and expressed concern over the environmental issues in the statement. The Commission asked the Department to work with the Department of Transportation to review alternative routes for this project.

**Next Meeting** The next meeting will be held on October 11 at Keosauqua. A tour of the area will be held on October 10.

STAFF CONTACT: Deb Kozel (Ext. 16767)

* Board of Corrections Meetings



**Board Meeting** The Board of Corrections met September 7 at the Fort Dodge Correctional Facility. Director Kip Kautzky stated the inmate population was currently 8,025 inmates, 118.5% of design capacity. Mr. Kautzky indicated the preliminary report on the prison population forecast is 12,318 inmates at the end of FY 2011. This will result in the need for five additional prisons. He also stated that approximately 30.0% of all prison releases are final discharge of sentence; these inmates are not supervised in the community upon their release from prison.

**Testimony Heard** The Board heard testimony from the First, Second, Third, Fourth, and Fifth Community-Based Corrections (CBC) District Departments, plus the Rockwell City, Mitchellville, Clarinda, and Fort Dodge Correctional Facilities. Highlights of the FY 2003 General Fund request include:

Additional funding for utility cost increases at the Institutions.

Replacement of expired federal funds for specialized treatment and supervision programs.

Additional Parole and Probation Officers for Field Services.

Additional funding to annualize the Council Bluffs Residential Facility.

**Capital Funding** The Department also plans to request capital funding to replace the currently rented Fort Dodge Residential Facility.

**Board Meeting** The Board met September 21 in Des Moines. Director Kip Kautzky stated that the Governor has an FY 2002 targeted General Fund budget reduction of $17.7 million for the Department of Corrections (DOC). The DOC’s response is due to the Governor on October 2. Staff is reviewing a variety of proposals and the Board will be updated at a later time. Board Chair Suellen Overton expressed concern that there is “no meat on our bones” and the Department’s budget is already “somewhat anorexic”. She stated, “The inmates will let us know when budget cuts have gone too far.”

**FY 2003 Budget** The Board approved the following items for the FY 2003 General Fund operating budget:

#### FY 2003

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$2.0 million to replace the FY 2001 supplemental appropriation for the Iowa State Penitentiary at Fort Madison. The Institution’s FY 2002 budget was reduced by $2.0 million, and an FY 2001 supplemental appropriation was provided with a non-reversion clause during the 2001 Legislative Session.

$121,600 to annualize operating costs for the new Council Bluffs Residential Treatment Facility for Women. The FY 2002 budget includes 10 months of funding to operate the facility.

$677,200 and 14.0 FTE positions to operate the Special Needs Unit at the Iowa State Penitentiary at Fort Madison. This option closes Cell House 20 and transfers 40 inmates and 27 staff to the new building. An additional 8 special needs inmates will be transferred to other prisons or units. The additional 14.0 FTE positions are treatment staff and are required by the federal court order. The Special Needs Unit was authorized by the General Assembly to comply with a federal court order to meet treatment and security needs of high risk, high needs inmates. This proposal does not permit the new 200-bed Special Needs Unit to be operated at capacity. It also does not increase design capacity within the prison system; design capacity will remain at 6,772 beds under this proposal. An alternative proposal is to phase in 102 staff to treat 200 special needs offenders over 11 months starting in August 2002. This alternative is estimated to cost $3.8 million in FY 2003 and additional costs to annualize staffing in FY 2004. The DOC did not recommend, and the Board did not approve, this alternative proposal.

$93,900 to continue rental costs of the Davenport Residential Facility in the Seventh CBC District Department.

**Major Maintenance** The Board approved the following items for major maintenance and capital projects:



$333,000 for the lease purchase costs of electrical upgrades at the Iowa State Penitentiary at Fort Madison.

$4.1 million to begin construction of a 170-bed Special Needs Unit at the Iowa Medical Classification Center at Oakdale. Total construction costs are estimated to be $32.5 million. The DOC had planned to use federal funds (Violent Offender Incarceration/Truth In Sentencing) for part of the construction costs. However, these federal funds are no longer available.

$1.2 million to replace the power plant at the Iowa Medical Classification Center at Oakdale through a 15-year lease purchase agreement. If this request is approved, total construction costs for the 170-bed Special Needs Unit decrease from $32.5 million to $23.0 million.



$6.5 million to replace the currently-rented Davenport Residential Facility in the Seventh CBC District Department. Due to an air quality issue, the District Department is currently seeking either land to build a new facility or a facility that can be renovated to meet the District Department’s needs.

$795,000 to partially fund a new Fort Dodge Residential Facility in the Second CBC District Department. Total construction costs are estimated to be $2,850,000.

$3,250,000 to renovate the food service area at the Anamosa State Penitentiary.

**Printing Expenses** The Board approved spending up to $5,000 on printing expenses from the Telephone Rebate Fund. These expenses include brochures sent to inmates’ families that explain the telephone system.

**Rules Approved** The Board approved proposed administrative rules in regard to Temporary Holding Facilities.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

* Department of Cultural Affairs Reorganization Plan



**Reorganization Plan** In response to the FY 2002 budget reductions, the Department of Cultural Affairs is implementing a reorganization plan that includes the elimination of the position of Administrator for the State Historical Society of Iowa. The position has been vacant for several months. The reorganization will involve shifting responsibilities among and reclassifying existing staff.

**New Structure** The new department structure will consist of 6 bureaus:

Museum & Education

Historic Preservation

Archives & Records Management

Libraries, Publications, and Special Collections

Administration

Planning & Partnership Development

The bureau chiefs will report to Director Anita Walker, who will now serve as Administrator for Historical Society and the State Historic Preservation Office and as Executive Director of the Iowa Arts Council.

**Three Functional Divisions** The Department’s work will be organized in three functional divisions: State Historical Society, Iowa Arts Council, and Administration. While staff will be located in particular divisions, they may work with or report through an interdivisional team.

**Administration** The Administration Division will service the needs of the entire Department, including the consolidation of building management functions. It will include a Community Relations Team that will focus on building awareness through public relations, marketing, and special events. As part of the reorganization, the Department will begin data-driven assessment of processes and performance to improve customer service.

**Effective Date** The reorganization plan has been approved by the Governor’s Office and the Department of Personnel and has been shared with the boards of State Historical Society of Iowa and the Iowa Arts Council. It becomes effective September 1.

**More Information** For further information, contact the Legislative Fiscal Bureau.

STAFF CONTACT: Robin Madison (Ext. 15270)

* Tuition Increases at Community Colleges

**Community College Tuition** Iowa’s 15 community colleges have set tuition rates for the 2001-2002 academic year as follows:



| **Area Number** |  | College |  | **FY 2001**  **Tuition per**  **Credit Hour** |  | **FY 2002 Tuition per Credit Hour** |  | **Percentage Increase** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 |  | Northeast Iowa |  | $70.00 |  | $78.00 |  | 11.43% |
| 2 |  | North Iowa Area |  | 64.65 |  | 71.75 |  | 10.90% |
| 3 |  | Iowa Lakes |  | 63.00 |  | 73.00 |  | 15.87% |
| 4 |  | Northwest Iowa |  | 61.00 |  | 66.00 |  | 8.20% |
| 5 |  | Iowa Central |  | 61.00 |  | 69.00 |  | 13.11% |
| 6 |  | Iowa Valley |  | 67.00 |  | 74.00 |  | 10.45% |
| 7 |  | Hawkeye |  | 70.00 |  | 76.00 |  | 8.57% |
| 9 |  | Eastern Iowa |  | 65.00 |  | 72.00 |  | 10.77% |
| 10 |  | Kirkwood |  | 65.00 |  | 73.00 |  | 12.31% |
| 11 |  | Des Moines Area |  | 61.00 |  | 67.00 |  | 9.84% |
| 12 |  | Western Iowa Tech |  | 63.00 |  | 74.00 |  | 17.46% |
| 13 |  | Iowa Western |  | 70.00 |  | 77.00 |  | 10.00% |
| 14 |  | Southwestern |  | 62.00 |  | 67.00 |  | 8.06% |
| 15 |  | Indian Hills |  | 62.00 |  | 69.00 |  | 11.29% |
| 16 |  | Southeastern |  | 66.00 |  | 74.00 |  | 12.12% |
|  |  |  |  |  |  |  |  |  |
|  |  | **Averages** |  | **$64.71** |  | **$72.05** |  | **11.34%** |
|  | | | | | | | | |

**Range of Increase** The increases range between $5.00 and $11.00 per credit hour, or an average dollar increase of $7.34 per credit hour.

**Non-resident Tuition** The colleges have also set non-resident tuition rates for the coming school year, as shown in the table below. The colleges marked with an asterisk (\*) have reciprocal tuition agreements with colleges in neighboring states which may abrogate their established non-resident rates.

| **Area Number** | **Community College** |  | **FY 2001 Non-Resident Tuition per Credit Hour** |  | **FY 2002 Non-Resident Tuition per Credit Hour** |  | **Percentage Increase** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Northeast Iowa\* |  | $98.00 |  | $78.00 |  | -20.41% |
| 2 | North Iowa Area |  | 96.90 |  | 105.45 |  | 8.82% |
| 3 | Iowa Lakes\* |  | 65.00 |  | 75.00 |  | 15.38% |
| 4 | Northwest Iowa |  | 91.50 |  | 99.00 |  | 8.20% |
| 5 | Iowa Central |  | 91.50 |  | 103.50 |  | 13.11% |
| 6 | Iowa Valley |  | 130.00 |  | 148.00 |  | 13.85% |
| 7 | Hawkeye |  | 140.00 |  | 152.00 |  | 8.57% |
| 9 | Eastern Iowa\* |  | 97.50 |  | 108.00 |  | 10.77% |
| 10 | Kirkwood |  | 130.00 |  | 146.00 |  | 12.31% |
| 11 | Des Moines Area |  | 122.00 |  | 134.00 |  | 9.84% |
| 12 | Western Iowa Tech\* |  | 126.00 |  | 133.00 |  | 5.56% |
| 13 | Iowa Western |  | 105.00 |  | 115.00 |  | 9.52% |
| 14 | Southwestern |  | 93.00 |  | 100.50 |  | 8.06% |
| 15 | Indian Hills |  | 93.00 |  | 104.00 |  | 11.83% |
| 16 | Southeastern\* |  | 89.75 |  | 89.75 |  | 0.00% |
|  |  |  |  |  |  |  |  |
|  | **Averages** |  | **$104.61** |  | **$112.75** |  | **7.78%** |
|  | | | | | | | |

**Range of Increases** At 13 of the colleges increases range from $7.00 to $18.00. Southeastern did not increase its non-resident rate, and Northeast Iowa reduced the non-resident rate by $20.00 to match the resident rate. The difference between resident and non-resident rates at Iowa Lakes is only $2.00, or 2.7%, while the differences at the remaining 13 colleges range between $15.75 and $76.00 and between 21.3% and 100.0%. The average percentage difference between resident and non-resident rates is 56.5%.

**More Information** For further information, contact the Legislative Fiscal Bureau.

STAFF CONTACT: Robin Madison (Ext. 15270)

* Iowa Finance Authority Board Meeting

**Board Meeting** The Iowa Finance Authority (IFA) Board met on August 1. The major issues addressed included:



**Low-Income Housing Tax Credit 2001 Awards** – As described by the IFA, “The Tax Reform Act of 1986 created the tax credit as an incentive for Low Income Housing Tax Credit ("LIHTC") project owners to invest in the development of rental housing for individuals and families with fixed or limited incomes.  The tax credit, rather than a direct federal subsidy, provides a dollar for dollar reduction (or credit) to offset an owner's federal tax liability on ordinary income.  Tax credit interest may be syndicated or sold to generate equity for the developments, thus reducing the necessary mortgage financing and providing more affordable terms.  The tax credit frequently provides the last critical element to ensure the financial feasibility of the project.” The Board had $4.4 million available for tax credit awards. A total of 44 projects applied for tax credits, and 29 projects passed the threshold score. With the available funds, the Board made 15 awards. Metropolitan areas received eight awards and non-metropolitan areas received seven awards. The projects included 518 housing units – 125 units for the elderly and 393 family units. Six of these awards were for projects involving an adaptive reuse with historical preservation.

**2001 Housing Assistance Fund** – As described by the IFA, “The Housing Assistance Fund (HAF) Program is a flexible program of financial assistance dedicated to a variety of housing projects, programs and activities which contribute to the goal of providing decent, safe and affordable housing for limited income persons.” Nineteen applications requested funding through various assistance programs. Five were rejected for failing to meet threshold requirements, and one was submitted after the deadline. The funded projects included:

* Five applicants received funding totaling $361,000 under Transitional Housing and Supportive Services.
* One applicant received a letter of intent to provide $140,000 through the Iowa Equity Fund.
* One applicant received a letter of intent to provide $25,000 for the Iowa Home Ownership Education Project (IHOEP).
* Two applicants received letters of intent totaling $20,000 for Single Family Construction Financing. The loan commitments were for 16 single-family homes located in Keosauqua, Bedford, Corning, and Shenandoah.

**Delinquency Report** – There are 4,598 loans in the Ginnie Mae/Fannie Mae loan portfolio for May 2001. The May delinquency rate was 4.6%, down 0.1% from the previous month. There were 144 loans that were one month delinquent, 29 that were two months delinquent, 17 loans were three or more months delinquent, and 19 loans were in foreclosure.

**FY 2002 Budget** – The Board approved the staff recommendation for distribution of the FY 2002 revenues and expenditures.



**Economic Development Loan Program** – The IFA Board approved three applications. They were:

* $20.0 million in Industrial Development Revenue Bonds for TCE in Manning for construction of a solid waste facility in conjunction with an ethanol plant. TCE uses corn byproducts from the production of ethanol to make animal feed.
* $50.0 million in Healthcare Revenue Bonds for Catholic Health Initiatives. The Colorado Health Facilities Authority will issue the bonds with the proceeds being used in Iowa. The funds will be used for renovations and equipment purchases at Alegent Health Mercy Hospital in Council Bluffs, Mercy Hospital in Corning, and Mercy Hospital Medical Center in Des Moines.
* $2.0 million in Industrial Development Revenue Bonds for City Carton Company in Iowa City. The proceeds will be used to make improvements and purchase recycling equipment for recycling centers.
* The Board also approved a reduction in bond issuance fees for small projects so IFA bonds will remain competitive with county and city issuers.

**Iowa Housing Corporation** – The IFA Board accepted the transfer and assignment of the assets and liabilities of the Iowa Housing Corporation. The agreement for the transfer specified that all liabilities must be paid from the assets of the Housing Corporation transferred to IFA, and any excess liabilities do not become obligations of the State or IFA. The assets included a securities portfolio valued at $4.7 million and a loan portfolio with a book value of $3.1 million. The actual value of the loan portfolio is difficult to determine and does not readily convert to cash. Contingent liabilities totaling $3.2 million have been identified. The contingent liabilities are expected to decrease over time as projects reach successful completion.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

* Department of Transportation Equipment and Vehicle Purchase Report



**Report Submitted** The Department of Transportation (DOT) has submitted the Equipment and Vehicle Purchase Report for FY 2001, as required by Section 307.47(4), Code of Iowa. The Report shows the amount expended on vehicles and equipment from the Materials and Equipment Revolving Fund for FY 2001.

**Revolving Fund** The Materials and Equipment Revolving Fund is used to purchase all rolling stock, materials, and equipment for all divisions of the DOT. The Revolving Fund receives funding primarily through depreciation payments on equipment and vehicles from the various divisions. This allows the DOT to centrally purchase all equipment and effectively monitor and manage the Department’s purchasing functions. In addition to depreciation (which covers replacement costs), the Revolving Fund receives an annual appropriation from the General Assembly to help pay the inflationary cost of vehicles and equipment. For FY 2002, the Revolving Fund received $5.3 million.

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**Revolving Fund Purchases** The following table summarizes purchases from the Revolving Fund for the last two fiscal years.

**Copies Available** Copies of the report are available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* Highway Construction Contracts



**Contracts Awarded** The Department of Transportation (DOT) notifies the Legislative Fiscal Bureau of all highway construction contracts in excess of $5.0 million. A contract totaling $8.2 million was awarded in May to M. Peterson Construction Co. of Des Moines for approximately 1 mile of new pavement along Martin Luther King Jr. Parkway from SW 16th Street to 7th Street in Des Moines. The contract was not entered into by the Department of Transportation, but instead by the City of Des Moines.

**June Contracts** The Department awarded six contracts in June totaling $36.7 million. The contracts were granted as follows:

**Grundy County**

To Peterson Contractors, Inc., & Weidemann, Inc., of Reinbeck:

* $2.7 million for 3 miles of grading on U.S. 20 from the Hardin County line, to just east of ‘E’ Avenue, north of Wellsburg.
* $2.6 million for an additional 3 miles of grading on U.S. 20 from just east of ‘E’ Avenue, east to ‘H’ Avenue, north of Wellsburg.

**Hardin County**



To Manatt’s Inc., of Brooklyn:

* $6.0 million for 6 miles of new pavement on U.S. 20 from the U.S. 65 interchange south of Iowa Falls, to just west of ‘R’ Avenue east of Owasa.
* $5.2 million for an additional 5 miles of new pavement on U.S. 20 from just west of ‘R’ Avenue, east to the Iowa River, north of Steamboat Rock.

**Jasper County**

To McAninch Corp., Peterson Contractors, Inc., & Reilly Construction, Co., Inc., of Des Moines:

* $331,000 for single-box culvert replacements at four locations on U.S. 65 near the junction with Iowa 330.
* $3.1 million for 3.6 miles of grading on U.S. 65 from just south of N. 75th Avenue, north to the junction with F17.

**Jones County**

To Godbersen-Smith Construction Co. & Subsid. of Ida Grove:

* $7.4 million for a new steel girder bridge over the Maquoketa River about 1/2 mile north of Monticello on U.S. 151.

**Marshall County**

To C.J. Moyna & Sons, Inc., of Elkader:

* $5.7 million for 7 miles of grading on Iowa 330 from just northwest of Melbourne, to north of U.S. 30.

**Polk County**

To McAninch Corp., Peterson Contractors, Inc., & Reilly Contruction, Co., Inc., of Des Moines:

* $3.7 million for 2.75 miles of grading on U.S. 65 from the junction with S27, northeast near the junction with N. 75th Avenue.



**July Contracts** The Department awarded one contract in July totaling $7.3 million to Fred Carlson Co., Inc., of Decorah. The contract was for the following two projects in Chickasaw County along U.S. 63, from just north of I & M Railroad to just south of the Wapsipinicon River:

$6.8 million for 3 miles of new pavement, and

$458,000 for traffic signs.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* Department of transportation (DOT) Commission Approves Grant Application for the City of Earling

**RISE Application Approved** On March 26, the City of Earling filed a Rebuild Iowa’s Sound Economy (RISE) application requesting a grant of $143,000 to grade and pave approximately 490 feet of new roadway in the Earling Business Park. After review, the project was shortened to 350 feet of new roadway, and the grant request was reduced to $81,000.

**City of Earling** According to the application, the roadway project will assist in:

The creation of 23 new jobs at Enhanced Living Technologies, and

$576,000 in associated capital investment.

**Local Participation** The City of Earling proposes $40,000 local participation (33%) in the $122,000 road project. The RISE cost per job assisted will be $3,500, and there will be a total capital investment of $7 for each RISE dollar requested.

**Grant Approved** On July 17, the DOT Commission approved the RISE grant of $81,000 or up to 67% of the total RISE eligible project cost, whichever is less, from the City share of the RISE fund. The grant was approved contingent on the following conditions:

The consumption of the proposed economic development;

The creation of 23 new jobs at Enhanced Living Technologies within two years after completion of the RISE project; and

Fulfillment of the legislative requirements for the RISE program.



**Wages** Enhanced Living Technologies is located in Minnesota; however, the marketing and sales departments will locate in Earling. The company’s average starting wage rate is $9.41 per hour; 75% of Shelby county’s average wage rate is $7.00 per hour. The company’s turnover rate is less than 10%. Enhanced Living Technologies plans to construct a 4,000 square foot building.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* department of transportation (DOT) Commission Approves Grant Application for Tipton’s Industrial Park

**Tipton Industrial Park** In February 2001, the DOT Commission received eight local development applications requesting $20 million in Rebuild Iowa’s Sound Economy (RISE) funds. On July 17, the Commission approved one of the eight grants from the City of Tipton to grade and pave 850 feet of roadway on South Industrial Drive. The new project will open five lots in the industrial park.

**Project Cost** The total cost of the project is $350,000. The City of Tipton requested $120,000, or 60% of the total project cost, but during negotiations, the percentage was reduced to 50%, or $175,000. The Commission awarded a grant of $175,000, or up to 50% of the roadway cost, whichever is less, from the City share of the RISE fund.

**Property Purchases** The City of Tipton and county economic development groups are working together to market the park. The City has purchased 14 acres and will extend water and sewer lines.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* department of transportation (DOT) Commission Approves Rail Assistance Applications

**Rail Assistance Gants** On July 17, the DOT Commission approved four rail assistance grants for the following three companies:

**Iowa Northern Iowa Northern Railway Company**

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Project: Upgrading its track between Cedar Falls and Nora Springs, a distance of 53 miles. The project includes repairing three bridges, installing 710 ties per mile and 1,000 tons of ballast per mile, and re-laying 1,950 feet of rail.

* Total Cost of Project: $4.3 million
* Amount Requested: $2.9 million, or 70% of the total project cost
* Amount Approved: 70% of the total project cost, not to exceed $2.3 million.

**Iowa Traction Iowa Traction Railroad**

Project: Upgrading its track in Mason City between the Ag. Processing, Inc., (AGP) switch and the I & M Rail Link (IMRL) transfer, a distance of 1 mile. The project includes installing 592 ties per mile and 1,620 tons of ballast, and re-laying 8,853 feet of the existing 70-pound rail with 90-pound rail.

* Total Cost of Project: $172,000
* Amount Requested: $121,000, or 70% of the total project cost
* Amount Approved: 70% of the total project cost, not to exceed $121,000.

**Iowa Interstate Iowa Interstate Railroad**

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Project: Upgrade its track between Altoona and Prairie City, a distance of 14 miles. The project includes installing 160 ties per mile and 100 tons of ballast per mile.

* Total Cost of Project: $139,000
* Amount Requested: $70,000, or 50% of the total project cost (a shipper will provide$30,000 of the project cost)
* Amount Approved: 50% of the total project cost, not to exceed $70,000

Project: Upgrade its track between Atlantic and Council Bluffs, a distance of 48 miles. The project includes inspection and repair of bridges, installing 312 ties per mile and 1,000 tons of ballast per mile, and re-laying 3,900 feet of rail.

* Total Cost of Project: $1.9 million
* Amount Requested: $1.3 million, or 70% of the total project cost
* Amount Approved: 70% of the total project cost, not to exceed $1.0 million.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* First Special Equipment Auction Held by Department of Transportation



**Auction Held** The Department of Transportation (DOT) held its first special equipment auction on August 25 in Paullina. Paullina is one of 27 DOT garages that closed on July 1. The auction brought in a total of $14,000. Items sold included various shop equipment and tractor attachments. There were about 100 bidders present, including private citizens and people representing small companies. The following is a list of other special equipment auctions:

September 6 – DeWitt

September 12 – Ames – Sealed Bid Auction (Trucks and Heavy Equipment)

September 13 – Garner

September 15 – Guthrie Center

September 22 – Bloomfield

September 22 – Harlan



**Ames Auction** The Department of Transportation also held one of its regular auctions in Ames on August 25. The auction had 287 lots and brought in a total of $1.0 million. Of this total, $345,000 was sold on consignment on behalf of other government agencies. Items included snow trucks, mowing tractors, passenger cars, pickups, trailer equipment, air compressors, plows, motor graders, end loaders, and tractor-loader-backhoes. There were about 175 bidders present, including private citizens and people representing companies and local governments. The following are dates of future regular auctions:

September 22 – Small equipment

October 27 – Vehicles

All money collected at equipment auctions goes into the Materials and Equipment Replacement Revolving Fund. For a complete list of items to be sold at the auctions, go to <http://www.dot.state.ia.us/auction/index.htm>. The list is generally available two to three weeks before the auction date. Also available on the web site are used vehicle prices, used equipment prices, and special sales.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

* Teacher Shortage Forgivable Loans

**Loan Applications** The College Student Aid Commission recently reported that 431 applications were received for the Iowa Teacher Shortage Forgivable Loan Program. This is an increase of 211 applications compared to last year.

**Funding Available** Total funding available for the Program for FY 2002 is $893,500. This includes federal funds of $400,000 and a State General Fund appropriation of $493,500. This funding level will provide a $3,000 loan to 297 students, which is an increase of 109 loans compared to last year.

STAFF CONTACT: Mary Shipman (Ext. 14617)

* *Issue Review*- Senior Living Trust Fund

***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** on the Senior Living Trust Fund. The Department of Elder Affairs and the Department of Human Services (DHS) receive appropriations from the Fund for the Senior Living Program, nursing facility conversion and long-term care service grants, the elderly home and community-based waiver, and for price-based, case-mix nursing facility reimbursement.

**Issue Review** 

**Background** The ***Issue Review*** includes a background section that details how Iowa received federal approval to amend its Medicaid State Plan so federal matching funds could be maximized for nursing facility reimbursement, and how the Fund was established during the 2000 Legislative Session.

**Current Situation** In addition, the ***Issue Review*** provides a section that details the current situation and the FY 2002 appropriations to the Department of Elder Affairs and the DHS, as well as how the appropriations are being utilized, giving an explanation of the various programs funded with the FY 2002 appropriations.

**FY 2002 Appropriations** In HF 740 (2001 Senior Living Trust Fund Appropriations Act), the General Assembly appropriated money from the Senior Living Trust Fund to the following programs for FY 2002:



$5.3 million to the Department of Elder Affairs for the Senior Living Program, dependent adult abuse detection, training, and services, and for recruitment and retention strategies for certified nursing assistants.

$20.0 million to the DHS for nursing facility conversion grants that would allow nursing facilities to convert to assisted living programs.

$1.7 million to the DHS to supplement the Medical Assistance appropriation through the Elderly Home and Community-Based Waiver and the State Supplementary Assistance Program.

$24.8 million to the DHS for nursing facility provider reimbursements or reimbursement methodology changes.

**Budget Impact** The Budget Impact section of the ***Issue Review*** provides information on the amount offederal funds anticipated for receipt into the Fund through FY 2005. Attachments are provided that explain how it is anticipated the funds will be used during the life of the funding.

**Copies Available** A copy of the ***Issue Review,***with attachments, is available upon request from the Legislative Fiscal Bureau. It can also be found on the LFB web site.

STAFF CONTACT: Lisa Burk (Ext. 16765) Sam Leto (Ext. 16764)

* *Issue Review* - Visitation and Custody Mediation

***Issue Review*** The LFB recently released an ***Issue Review*** that provides information on visitation and custody mediation. Included in this ***Review*** are the following:

**Issue Review** 

Since August 1996, the 6th Judicial District (Tama, Jones, Iowa, and Johnson Counties) has operated a court-ordered mediation program. The result of this program is that less than 10.0% of all dissolution cases are actually ordered into court-ordered mediation.

The United States Supreme Court recently decided a case, *Troxel v. Granville*, regarding grandparents’ visitation rights. The Supreme Court decided that the Washington State statute granting the grandparents visitation rights violated the mother’s substantive due process rights and the 14th Amendment.

The Iowa Supreme Court recently heard a case, *Joe and Lois Santi v. Mike and Heather Santi*, regarding grandparents’ visitation rights. The Iowa case concerns a married couple who do not want the father’s parents to have contact with the children. The next filing date for the Iowa Supreme Court is September 6.

In the 2000 Legislative Session, House File 683 was passed by the General Assembly. The Act allowed District Courts, at their own discretion, to order parties to participate in mediation in any dissolution of marriage case. The Act took effect July 1, 2001.

The 6th Judicial District Mediation Program is funded primarily through grants. The current director of the Program estimates that a district-wide, court-ordered mediation program would require an annual budget of approximately $75,000 per year.

Mediator’s fees in Iowa vary from approximately $40 per hour to $100 or more per hour.

**Copies Available** Copies of the ***Issue Review*** can be obtained from the Legislative Fiscal Bureau or on the LFB web site.

STAFF CONTACT: Jennifer Dean (Ext. 17846) Sam Leto (Ext. 16764)

* *Issue Review* - Child Support Guidelines

***Issue Review*** The LFB recently released an ***Issue Review*** that provides information on child support guidelines. Included are the following:

In July 1999, Policy Studies, Inc., from Denver, CO, conducted a Child Support Guideline Review. The Report rates Iowa’s Child Support Schedule as being adequate.

**Issue Review** 

The Iowa Supreme Court conducted the latest review of the Child Support Guidelines on May 9, 2000. A copy of the Supreme Court’s review can be obtained from the Legislative Fiscal Bureau.

Chapter 1092, 2000 Iowa Acts, authorized a pilot project in the 7th Judicial District (Jackson, Clinton, Cedar, Scott, and Muscatine Counties) to provide concurrent jurisdiction between the juvenile and district courts in the case of modifying custody when there is a prior order. The project started September 1, 2000.

In order to meet federal regulations, Iowa must have a federally approved State plan, and use a single set of child support guidelines established by the federal government to determine child support payment levels.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB or on the LFB web site.

STAFF CONTACT: Jennifer Dean (Ext. 17846) Sam Leto (Ext. 16764)

* *Issue Review* Released - Child Care Facility Inspections

***Issue Review***The Legislative Fiscal Bureau has recently released an ***Issue Review*** relating to Child Care Facility Inspections. The ***Issue Review*** includes information on the current inspection and licensure duties of the Department of Human Services (DHS) and the possible impact of moving a portion of the duties to the Department of Inspections and Appeals.

**Alternatives** Alternatives and the budget impact relating to the alternatives include:

Moving the licensure and inspection statutory duties from the DHS to the Department of Inspections and Appeals.

**Issue Review** 

Dividing some of the duties which may currently cause a conflict of interest when a complaint against a child care facility is filed and the DHS is performing both the original inspection and the inspection resulting from the complaint.

Continuing the duties as existing statute provides and increasing communication between the two Departments.

**Copies Available** A copy of the ***Issue Review*** is available from the web site at <http://staffweb.legis.state.ia.us/lfb/> or by requesting a copy from the Legislative Fiscal Bureau.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

* *Issue Review* Released - Child Protection Centralized Intake Unit

***Issue Review*** The Legislative Fiscal Bureau has recently released an ***Issue Review*** relating to Child Protection Centralized Intake Units. This concept would place in a single location all reports of potential child abuse 24 hours per day, seven days per week, and provide professional social worker staff to respond directly to the reports. Currently in Iowa the system is more decentralized at the county level of the Department of Human Services.

**Issue Review** 

The ***Issue Review*** includes a background of the issue within Iowa and in other States which have a centralized system. Data related to budgets, number of calls received, staff-to-supervisor ratios, and other information is included.

**Alternatives/Costs** Alternatives and estimated costs related to alternatives include:

Maintaining the existing child abuse reporting decentralized system.

Altering the responsibilities of existing staff receiving reports of child abuse and the relaying process currently in place.

Adding staff to the existing system to decrease the staff-to-supervisor ratio with designated local office staff for the reporting process.

Creating a separate child protection centralized intake unit with new staff, new telephone system, and separate offices in Des Moines.

**Copies Available** A copy of the ***Issue Review*** is available on the web site at <http://staffweb.legis.state.ia.us/lfb/> or upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

* *ISSUE REVIEW* RELEASED - CHILD SUPPORT RECOVERY

***Issue Review*** The Legislative Fiscal Bureau has recently released an ***Issue Review*** relating to Child Support Recovery. A Child Support Recovery Unit exists at the Department of Human Services (DHS) and is a federal requirement for States that spend Temporary Assistance to Needy Families (TANF) funding.

**Background** The ***Issue Review*** includes background of the Child Support Recovery Unit at the DHS, statistics on those being served, collection amounts and outstanding debt, and the activities of the Department of Revenue and Finance to assist State agencies with collection activities.

**Alternatives** Alternatives include:

Maintaining the Child Support Recovery Unit at the DHS.

Relocating the Child Support Recovery Unit to the Department of Revenue and Finance.

Referring certain Child Support cases to the Department of Revenue and Finance.

Transferring the responsibility for collection of child support to the Department of Revenue and Finance while other services are provided by the Child Support Recovery Unit with the DHS.

**Budget Impacts** Budget impacts for all alternatives were not developed at the time of this ***Issue Review***. The FY 2002 budget for the Child Support Recovery Unit at DHS is approximately $41.0 million, including $6.7 million State general funds, $6.5 million earned performance incentive funds, and the remainder is federal matching funds.

**Copies Available** A copy of the ***Issue Review*** is available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Sam Leto (Ext. 16764)

* Sex Offender Registry Update

**Sex Offenders** The Division of Criminal Investigation reports that as of June 1, 2001, there were a total of 4,106 registered sex offenders living in the State of Iowa. There were 474 out-of-State registrants. Since April 1, 2001, this is an increase of 100 sex offenders living in the State and 19 out-of-State registrants. Below is a county by county map of registered sex offenders in Iowa.



STAFF CONTACT: Jennifer Dean (Ext. 17846)

* Tobacco Settlement Authority Meeting

**Tobacco Authority** The Tobacco Settlement Authority met August 23 in the State Capitol Building. Staff from Salomon Smith Barney reviewed current tobacco market activity:

Primary market tobacco bond spreads have narrowed.

Secondary market tobacco bonds are trading much more frequently. Improved liquidity has resulted in trades at much lower yields.

Tobacco bonds have benefited from the following developments:

Healthy tobacco industry and improved litigation environment.

Increased liquidity with new buyers entering the market with each new issue. The number of buyers has increased by 33.0% since March 2001.



Limited alternatives in the market for high yield commercial paper.

Lower yields in the tax-exempt marketplace.

Positive cash flow into Bond Funds, which increases demand for investments.

Iowa, Arkansas, San Diego County, California, U.S. Virgin Islands, and New York City are expected to issue tobacco bonds this coming fall or early winter. Iowa is expected to be the next issue.

**Timeline Reviewed** Public Financial Management staff reviewed the timeline, which remains unchanged:

Finalize the financial structure of the securitization by the first week in August.

Prepare indenture and disclosure documents by mid-August.

Present the securitization proposal to ratings agencies by the last week of August.

Pre-market tobacco securities during the first week of September.

Have financial ratings issued by the second week of September.

Have pricing information by the first week of October.

Close the securitization by mid to late October.

**Finance Plan** Salomon Smith Barney and Public Financial Management recommended that the Tobacco Settlement Authority implement the following plan of finance:



A residual amortization structure for the issuance of approximately $600.0 million tax-exempt and approximately $40.0 million to $50.0 million taxable bonds.

A flexible amortization structure with a final rated maturity of 35 years and a planned final maturity of approximately 25 years.

Securitization of less than 100.0% of tobacco settlement residuals, with the securitized portion estimated at 80.0% to 90.0%.

Grant the Treasurer of State discretion to modify one or more of the finance plan elements; if based on rating agencies’ discussions or market conditions at the time of pricing, it is the Treasurer’s judgment whether such modifications will enhance the overall economics and other benefits of the transaction.

**Recommendation** The financial management team stated this recommendation provides the most effective opportunity to:

Ensure a stable and secure source of revenue to fund authorized health care and smoking cessation initiatives.

Establish an endowment for the future.

Minimize borrowing costs.

**Plan Approved** Cynthia Eisenhauer, Department of Management Director, moved to approve the plan of finance as presented, with Auditor of State Richard Johnson as second. The motion passed unanimously. The next meeting is scheduled for September 17 in Des Moines.

STAFF CONTACT: Beth Lenstra (Ext. 16301) David Reynolds (Ext. 16934)

* Senior Living Coordinating Unit Meeting

**Meeting** The Senior Living Coordinating Unit met August 17 and conducted the following business:

**Long-Term Care Insurance** Jessie Rasmussen, Department of Human Services (DHS), reported the DHS is working to get information on long-term care insurance as requested from a legislator present at the Senior Living Coordinating Unit meeting in June. Ms. Rasmussen said the Department is waiting to receive information from the State of Indiana that will be beneficial.

**Senior Farmer’s Market Prg.** Carlene Russell, Department of Elder Affairs and Department of Public Health, reported on the Senior Farmer’s Market Program, stating that 280,000 checks were distributed by Area Agencies on Aging to elderly clients this summer. Clients receive 14 checks for $2.00 each that may be used to purchase fresh fruit and vegetables at local Farmer’s Markets. Currently, only 11.0% of the checks have been cashed, but the utilization rate has shown a significant increase over the past two weeks. Ms. Russell noted the importance of the Program, noting that statistics show that for those over age 65, only 27.0% have the recommended five servings of fruits and vegetables per day. The checks will be distributed until the end of September.

**Grant Application** Joel Wulf, Department of Elder Affairs, reported that an application was submitted to the federal Department of Labor for a $250,000 grant under the Older Americans Act Title V Program. If received, the funding will be utilized to fund a project that provides persons 55 and older at 125.0% of poverty or below the opportunity to receive Certified Nursing Assistant training and certification that will allow for transition into a variety of direct care settings. In addition, the project will address the problem Iowa faces in meeting long-term care needs for older adults - the recruitment and retention of certified nursing assistants. The Department hopes to receive confirmation or denial of the receipt of the grant funds by early September 2001.

**Certified Nursing Assts.** Debi Meyers, Department of Elder Affairs, reported on the Request for Proposal (RFP) for the recruitment and retention of Certified Nursing Assistants in nursing facilities. Ms. Meyers explained that HF 740 (2001 Senior Living Trust Fund Appropriations Act) allocated $100,000 of the appropriation to the Department of Elder Affairs for the Department to contract with an organization to develop strategies to reduce the turnover of nurse aides in nursing facilities through additional training and support. She outlined the goals of the project and noted that the RFP was issued on August 2, 2001, with final proposals due by August 24, 2001. The proposals will be evaluated with a notice of intent to award issued by September 4, 2001. The entire project must be completed by June 30, 2002.

**Senior Living Program** Greg Anliker, Department of Elder Affairs, reported on the number of elderly clients who received unduplicated service as a result of the Senior Living Program for FY 2001. He reminded committee members that funding from the Senior Living Trust Fund became available October 1, 2000; therefore, the report reflected only nine months of the fiscal year. Mr. Anliker explained that 9,926 elderly clients received one or more services as a result of the Senior Living Program.

**Future Reporting** For FY 2001, Mr. Anliker reported the Department was able to more easily track persons with Senior Living Trust Funds because the Senior Living Program and funding were new; therefore, anyone receiving assistance from those funds could clearly be reported as new clients, or receiving new or expanded services. He stated this would be difficult for FY 2002 because Senior Living Trust Fund money is being used to offset reductions to General Fund appropriations. The Department will continue to report unduplicated numbers of elderly persons served with Senior Living Trust Funds, but they will not be able to determine whether they are new or expanded services compared to FY 2001.

**Needs not Met** In addition, Mr. Anliker reported that despite the funding provided by the Senior Living Program, there were clients whose needs were not met. For June 2001, there was a wide range of services that could not be provided for various reasons, including service unavailability, lack of providers, or no funding source. As a result, 358 clients did not receive one or more services.



**Conversion Grant RFP** Rose Boccella, DHS, reported on Senior Living Trust conversion grants for nursing facilities, stating that for the first RFP issued, 34 contracts were granted for 27 agencies. Ms. Boccella noted the reason there are more contracts than agencies is because some agencies received funding for an assisted living conversion grant and for long-term care services, such as adult day care or respite care. While the total amount of grants approved was $15.0 million, only $10.9 million was issued, as some agencies withdrew from the process.

**Second RFP to be Issued** Ms. Boccella reported on the second RFP for Senior Living Trust conversion grants for nursing facilities, stating it will be issued on or after August 24, 2001, with applications due October 26, 2001. The major changes from the first RFP include clarification of issues regarding the definition of affordability and the ownership rule that was changed from three to two years. Ms. Boccella further noted that the RFP notice will be posted in eight newspapers, on the DHS web site (notice and entire RFP), and it will be sent to various trade associations whose members consist of long-term care providers as well as targeted small businesses. There will be training offered to entities interested in the RFP over the Iowa Communications Network (ICN) on September 4, 2001.



**Grant Application** Joel Wulf, Department of Elder Affairs, reported on a $1.0 million application submitted to the federal Administration on Aging for a Caregivers Systems Development Grant. The Grant is available as part of the Innovative Programs and Activities of National Significance under the National Family Caregiver Support Program. On April 23, 2001, the Governor signed HF 655, an Act relating to the establishment of a system of oversight for adult day services, which directed the Department to establish a system of oversight for adult day centers, as well as a consumer complaint process, but the Act did not include any appropriation. If the grant is received, the $1.0 million would be provided over a three-year period to assist in establishing a system of oversight for adult day and respite care. Currently, there are 83 adult day care providers in the State. The Department hopes to learn the status of the proposed grant prior to October 1, 2001.

**Elderly Waiver** Mikayla Funaro, DHS, reported on the Elderly Waiver, noting that 3,943 clients received services under the Waiver during July 2001 at an estimated cost of $390.00 per client. Ms. Funaro stated that adult day care and respite services are currently provided under the Waiver; however, there is a proposal to add adult day care and respite as services in assisted living, which they anticipate will increase client participation under the Waiver in the future.

STAFF CONTACT: Lisa Burk (Ext. 16765)

* Update: *Issue Review* - Visitation and Custody Mediation

***Issue Review*** On July 9, the Legislative Fiscal Bureau released an ***Issue Review*** on Visitation and Custody Mediation to the Oversight Committee. In the ***Issue Review***, a Supreme Court ruling, *Santi v. Santi*, was pending. The decision for this case came down from the Supreme Court September 6.



**Supreme Court Ruling** The Iowa Supreme Court ruled in favor of the parents, striking down a law that guaranteed visitation rights for grandparents. The Supreme Court found that fostering close relations between grandparents and grandchildren is not a sufficiently compelling State interest to justify court-ordered visitation rights over the joint objection of married parents in an intact nuclear family. Furthermore, the Supreme Court ruled that Section 598.35(7), Code of Iowa, is facially unconstitutional under Article I, Sections 8 and 9 of the Iowa Constitution.

**Copies Available** A copy of the ***Issue Review*** and a copy of the Supreme Court case are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

This document can be found on the LFB web site:

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