FISCAL UPDATE November 01, 2001

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

Special October Meeting of the Council on Human Services



**Special Council Meeting** The Council on Human Services held a special meeting on October 25 to review the proposed impacts of the 4.3% across-the-board reductions imposed by the Governor as well as a proposed restructuring as part of Governor Vilsack’s enterprise teams. Action necessary for FY 2002 is scheduled to take place at the November and December Council meetings. Director Rasmussen and the Governor (via telephone connection) indicated the following:

* The across-the-board reduction will apply across all budget units with a plan that would increase the Field Operations budget unit by $3.0 million. The General Assembly reduced this budget unit with the plan to restore the funds with additional federal funds drawn by targeted case management efforts. The Department believes that the funds will not be able to be drawn in FY 2002. The plan reduces the total Department of Human Services workforce by 270.0 FTE positions, which is to include lay offs, reductions in contracted staff, retirements, and elimination of positions now vacant.
* Elimination of five regional offices and 38 area (referred to as “cluster”) offices and replaced with eight service areas are planned. A map of the proposed areas is attached to this **Update** following page 23. Full-time county office locations are reduced from 96 counties to 59 counties.
* Changes in Economic Assistance include:
* Utilize more federal Temporary Assistance to Needy Families Block Grant funding to meet the increase in persons requiring cash assistance. This would require legislative change.
* Reduction of Family Development and Self-Sufficiency (FaDSS) and Early Childhood Empowerment Area Initiative to offset need to reduce Family Investment Program grants or establish a waiting list.
* The Emergency Assistance Program has been recommended for elimination in the FY 2003 budget recommendation.

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* Changes in Medical Assistance (Medicaid) include:
* Eliminate optional services, and/or optional eligible groups.
* Reduce provider rates such as was done for FY 2002 to include areas exempted previously.
* Need for funding in Medical Contracts should decrease as Medical Assistance expenditures decrease. Additional reductions may be necessary.
* Changes to Adult, Children, and Family Services include:



* Responsibility for various certification, licensure, and background checks would be transferred to the Department of Inspections and Appeals in FY 2003.
* The FY 2002 funding reduction for child care services from the across-the-board reduction would be replaced with changes in use of Temporary Assistance to Needy Families (TANF) funding.
* Reductions in the FY 2002 funding for empowerment are planned.
* Reductions in FY 2002 provider rates and cost allocations are planned.
* Responsibility for various prevention services would be transferred to the Department of Public Health in FY 2003.



* Changes in Mental Health/Mental Retardation/Developmental Disabilities include:
* Counties would assume a greater responsibility for service provision with greater flexibility in providing those services.
* A minimum base-line of services for all counties will be forthcoming in a proposed reorganization.
* Use of infrastructure funds for relocating clients within the Sexual Predator Commitment Program from Oakdale to an unidentified location will be requested for FY 2003.
* Changes in Administration include:
* General Administration: A reduction of sixty-five staff positions, one deputy director, six division administrators, and eleven supervisors, increasing the span of control from 1:8 to1:11.
* Field Operations: A reduction of 32.0% of middle management FTE positions, increasing the span of control from 1:10 to 1:11.



* Other changes include:
* Responsibility for various elderly service waivers would be transferred to the Department of Elder Affairs starting in FY 2003.
* Responsibility for licensing, accreditation, certification, registry checks and evaluations would be transferred to the Department of Inspections and Appeals.
* Responsibility for all prevention programs would be transferred to the Department of Health.
* Responsibility for Mental Health and Developmental Disabilities service planning for adults would be transferred to the counties.

**Council Action** The Council approved two motions, approving both the planned reorganization of the Field Operations unit and the planned reorganization of the General Administration unit.

**More Information** Additional information is available upon request. Details of the plan are on the Department’s web site at: [http://www.dhs.state.ia.us](http://www.dhs.state.ia.us/)

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

Council on Human Services – October Meeting

**Council Meeting** The Council on Human Services met October 10 at the Iowa Juvenile Home in Toledo and conducted the following business:



* Approved various administrative rules including:
* Changes to the application and eligibility process for Medicaid. Fiscal information indicates the direct impact should not have a State fiscal impact, but leaves open the possibility of an easier process for Medicaid eligibility that may cause an additional number of people to become eligible, resulting in possible additional costs.
* Changes various Residential Care Facility (RCF) rates and In-Home Health Related Care rates retroactively beginning in June 2001. For June, the Residential Care Facilities will receive an increase of 31.5%, and beginning July 2001, both groups will receive an increase of 3.1%. Information indicates the changes are required due to a federal requirement that the State must expend $19.8 million in FY 2001 resulting in the high rate increase for one-month. Fiscal information indicates the FY 2002 budget included the necessary funds and the net effect is cost neutral since clients have an increase of Social Security benefits which result in greater family contribution to the cost of care.
* Changes to the Rent Subsidy Program to add children receiving services under the Home and Community–Based Services Waiver. Fiscal information indicates the Program will only expend $65,000 of the $75,000 available in FY 2002 with the children being added.
* Changes to the Interim Assistance Reimbursement Program to reflect federal statutory changes. Fiscal information indicates the changes have been adhered to and there should be no fiscal impact.
* Changes to the Graduate Medical Education and Disproportionate Share Fund in the event that a hospital no longer qualifies for payments. Fiscal information indicates no fiscal impact.
* Changes regarding the process for prior authorization requirements within the Medicaid Program. Fiscal information indicates no fiscal impact.

 Administrative

 **Rules**

* Maintains the FY 2001 reimbursement rates for adoption, independent living, and family planning services for provider rates in FY 2002 as required by the 2001 General Assembly. Fiscal information was not specified, but maintaining rates should result in no fiscal impact.
* Placed on the Notice of Intended Action the following administrative rule changes for approval by the Council at a later meeting:



* Removes a county board of supervisors as the final appeal body for appeals under a county management plan regarding disability services. A recent court decision ruling indicates that such a board is not an impartial decision maker. Under the new rule a county would need to determine the appeal system within the county, other than having a county board of supervisors be the final appeal body. Fiscal information indicates there is no fiscal impact.
* Changes to the Risk Pool Board mental health funding distribution definitions and eligibility criteria required by the action of the 2001 General Assembly. Fiscal information indicates no fiscal impact. The impact will be changes to the criteria which may affect the number of counties eligible for any funding available for awards by the Risk Pool Board.



* Removes the drug dipryidamole from the Medicaid required prior authorization list and adds the drug palivizumab to the prior authorization list. Fiscal information indicates the previously estimated State savings of $41,000 for FY 2002 may not occur due to a delay in implementing the administrative rule change.
* Changes to policies for rehabilitative treatment and support services contracting. Fiscal information indicates there is no fiscal impact.
* Technical correction to a cross-referenced administrative rule section number.
* Updating administrative rules regarding the use of independent laboratories. Fiscal information indicates there is no fiscal impact.
* Continued discussion from the September meeting regarding role and responsibilities of the Council.
* Toured the Iowa Juvenile Home.

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

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

Legislative Fiscal Committee Meeting

**Fiscal Committee** The Legislative Fiscal Committee met on October 24 in Des Moines. The agenda included:



* A revenue update from Dennis Prouty, LFB, including a discussion of the recent Revenue Estimating Conference Meeting, the balance sheet, and the forecast for State revenues.
* Discussion of FY 2001 Ending Balance and FY 2002 budget including early retirement, retiree attrition and the Medicaid shortfall. The following people made brief presentations or responded to questions: Warren Jenkins, Auditor’s Office; Mike Lipsman, Department of Revenue and Finance; Attorney General Tom Miller, and Randy Bauer, Department of Management.
* Workforce Attrition Program Update and an update on the Governor’s Government Redesign Effort by Randy Bauer, Department of Management.



* How other states are handling the economic downturn and post-September 11 economy.
* Pending litigation against the State under the Fair Labor Standards Act. The suit filed by employees of the following departments: Public Safety, Transportation, Corrections, and Natural Resources for back pay. Information was presented by Julie Pottorff, Attorney General’s Office.
* Federal Funds – update by Phil Buchan, Director, State/Federal Office in Washington, D. C. Mr. Buchan was asked to come back in December after Congress has finalized action on the federal budget.
* Tobacco Securitization Update by Beth Lenstra and Dave Reynolds, LFB.
* A status report on the Destination State Park by Al Farris, Interim Division Administrator of the Parks and Preserves Division, Department of Natural Resources.
* Department of Education – Federal Funds Historical Trends by program and a discussion about supplanting State Funds with Federal Funds – Lee Tack and Ann McCarthy, Department of Education.
* Community College Funding – historical information by Janice Friedel, Administrator, Division of Community Colleges and Workforce Preparation.
* Telecare Pilot Project – update by Cathy Anderson, Department of Human Services.

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* Appropriations Transfers

Not to exceed $921,000 to the Department of General Services, Lucas Building Restoration, Capitol Building Restoration, and Major Renovation of State Buildings, from the Department of General Services, Executive Hills and Capitol Annex Demolition.

Not to exceed $80,000 to the Department of Natural Resources, Parks Division from the Environmental Division. Park receipts are not coming in as expected.

* Lease Purchase Notifications – Dave Reynolds, LFB

$269,508 – Iowa State University – two lease purchase agreements for laptop computers in the College of Design.

**Next Meeting** The next meeting will be November 27 (Tuesday) in Des Moines. The tentative agenda includes:

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Nov. 27

* Revenue Update
* Review of criminal justice population trends for the last 10 years

Case load data in the court system, CBC, and prison system

Impact of criminal sentencing policies and practices

General Fund Expenditures for the last 10 years



* Judicial Branch

Case load comparison of the eight judicial districts within the court system

Comparison of salaries and duties of District Judges, District Associate Judges, and Magistrates

Potential impact of re-drawing the boundaries of the eight judicial districts

FY 2002/2003 Budget Information

* Department of Public Safety

FY 2002 budget reduction details and explanation of “national obligation” for each division

* Department of Corrections

Impact of FY 2002 budget reductions

County Confinement Account – outcome of negotiations with counties, average cost per day by county, average length of stay in local jails pending revocation hearing

Prison infrastructure needs

* Tobacco securitization update

**December Meeting** The December meeting is tentatively scheduled for December 17 (Monday) in Des Moines.

STAFF CONTACT: Holly Lyons (Ext. 17845)

Legislative Oversight Committee Meetings

**Oversight Committee** The Legislative Oversight Committee met on October 16 and 17.



**ICN Tour & Issues** On the morning of October 16, the Committee met at the STARC Armory and heard presentations on and discussed the following:

* Colonel David Raes presented the Committee with information and a video tour of the Iowa Technology Center (ITC) and CIVIC facilities.
* Colonel Raes also gave an overview of the Iowa Communications Network (ICN) usage by the Iowa National Guard and Air Guard. He explained to the Committee the importance of the ICN on the national level and how the ICN has become part of the National Security Communications Network.
* Tommy Thompson, Executive Director, ICN, presented the Committee with an overview of the origination of the ICN and the federal dollars used in collaboration with State funds to create the ICN. Mr. Thompson stated that many other countries are looking at the ICN to understand the importance of the communication functions.

Contracting Issues On the afternoon of October 16, the Committee met in Room 19 of the Capitol Building and heard presentations on and discussed the following:



* Mollie Anderson, Director, Iowa Department of Personnel, presented the Committee with an overview of the function and duties of the Steering Committee regarding services contracting.
* Eldon Sperry, Department of Revenue and Finance, presented the Committee with information regarding developing contract bidding, monitoring and management guidelines, establishing a best practices database, the Enterprise Resource Planning initiative, and revising the accounting system object codes. Mr. Sperry stated the Department of Revenue and Finance is in the process of reviewing contracting policies and procedures for the Executive Branch and establishing what needs to be done to insure more competition between vendors.
* Clint Davis, Iowa Department of Personnel, presented the Committee with information pertaining to training State employees in contracting services, assisting State agencies with contracting decisions, and exploring temporary contract worker status.
* Jim Chrisinger, Department of Management, gave an overview of proposed changes to the FTE cap policy and addressing services contracting in the Accountable Government Act (HF 687).
* Patty Schroeder, Department of General Services, provided information regarding developing an annual contract reporting system. Ms. Schroeder explained that the annual report would contain trend analysis, a detailed database, and a report on committee status on service contracts.
* Stan Kuhn, Department of General Services, provided information regarding reviewing services contracting policies.
* The following individuals gave presentations regarding Design to Build Contracting.
* Dennis Hogan
* Arnold Krieg
* Monty Johnson
* Ryan Pendergraft

**Homeland Security** On October 17, the Committee met in Room 19 and heard presentations on and discussed the following:

* Ellen Gordon, Director, Emergency Management Division, presented the Committee with an overview of domestic preparedness and homeland security for the State. She explained that the State’s Emergency Plan is in the process of being updated. She also presented the Committee with information regarding areas the State is looking into pertaining to homeland security. They are:

* Conducting a review of legal authorities regarding homeland security. (State and local)
* Mutual aid legislation.
* Critical target protection planning. (Identify key assets across the State)
* Agricultural terrorism issues.
* Continuity of government.
* Public information education.
* Training and education of first responders.
* Adjutant General Ron Dardis, Iowa National Guard, explained to the Committee the Guard’s role in assisting Emergency Management pertaining to homeland security and defense. The General told the Committee that there are 1,700 men and women from the Iowa Guard involved in operation Noble Eagle and Enduring Freedom. He also stated there are 60 soldiers stationed at eight different Iowa airports for security. The Guard is also providing security for the University of Iowa Hygienic Lab in Iowa City.



* Penny Westfall, Commissioner, Department of Public Safety (DPS), provided information regarding security issues relating to the Capitol Complex. She explained that DPS, Department of General Services (DGS), Emergency Management, and the Iowa Technology Department, are working on a study of building-to-building security assessment.
* Dick Haines, Director, DGS, presented the Committee with an update on Capitol Complex security. Mr. Haines stated that a risked assessment is being performed on each building, locks are being changed, and card readers are being installed.

**Elder Abuse In Iowa** Deanna Clingan-Fischer, Department of Elder Affairs, presented the Committee with an overview of elder abuse in Iowa. She explained four areas that are currently being discussed regarding elder abuse.

* Current laws in the State related to elderly abuse.
* State agencies and departments that are involved and what their roles are.
* Collaboration between State agencies relating to abuse of elderly and dependent adults.
* Possible changes to the Iowa statutes relating to elder abuse to strengthen the sanctions.

 Other presentations on elder abuse included:

* Carole Boyle, Director for Long Term Care, Generations Area Agency on Aging, presented the Committee with information regarding case management in dependent adult abuse.
* Linda Dearing, Advocacy Services Coordinator, Heritage Area Agency on Aging, presented the Committee with information regarding elder abuse in Iowa.
* Jeff Clark, Assistant County Attorney, Cedar Rapids, discussed district court intervention and the difficulties pertaining to criminal prosecution relating to dependent adult and elder abuse.

**Veteran’s Home** Jack Dack, Commandant of the Iowa Veteran’s Home, presented an overview of the operations, budget, residents, and physical plant improvements at the Home. He also discussed the costs of care for residents of the Home.

**Nursing Home Info** Ken Carlson, Iowa Health Care Association Board Member, presented the Committee with statistical information regarding the cost of care in Iowa’s private nursing homes.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

State Soil Conservation Committee Meeting

**Committee Meeting** The State Soil Conservation Committee held a teleconference meeting on October 6. Chairperson Russ Brandes called the meeting to order.

**Presentations** The following presentations were made:

** Soil**

Conservation Committee

* Russ Brandes announced that Ken Towe was appointed the acting Director for the Soil Conservation Division until a new Director has been hired. He explained that Committee members would be involved in the hiring process.
* Jim Gillespie, Division of Soil Conservation, reported that 47 districts have received a total of $313,000 in Buffer Strip Initiative Grants. He also reported that 18 districts have received $66,000 in grants for the Wetlands Project. Buffer strips and wetlands reduce soil erosion, improve water quality and stabilize streambanks. These types of projects also increase wildlife habitat and fish habitat.
* Ken Towe, Division of Soil Conservation, reported that federal grants are in place for the current fiscal year. The Mines and Minerals Bureau has been completing grant reports to send to the federal government for the previous fiscal year.
* Dean Lemke, Division of Soil Conservation, explained that a training session for the Conservation Reserve Enhancement Program (CREP) was held on September 10 using the Iowa Communications Network (ICN). The Conservation Reserve Enhancement Program provides incentives to landowners to establish wetlands in tile-drained regions of Iowa. Landowners that enroll their land in the Conservation Reserve Enhancement Program receive rent payments from the United States Department of Agriculture (USDA), are eligible for cost share funds to build the wetlands, and are eligible for one-time financial incentives for long-term agreements. There are currently 12 potential sites selected for the Program.
* Elaine Ilvess, Division of Soil Conservation, reported contracts were finalized and approved for the FY 2002 demonstration farm projects.
* Deb Ryun, Conservation Districts of Iowa, reported final arrangements were being completed for the annual meeting that will be held on December 13 and 14 in Marshalltown.

 **Next Meeting** The next meeting will be held in Des Moines on November 1.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Environmental Protection Commission Meeting

**Commission Meeting** The Environmental Protection Commission met on October 15. The following issues were discussed:



* Mark Slatterly, Budget Bureau Chief, provided an update on the year-end financial statements. He explained that there would be a $19,000 reversion to the General Fund due to an account receivable item in the Energy and Geology Division. There was a reversion of $281,000 from the Fish and Wildlife Division to the Fish and Wildlife Trust Fund.
* The Commission was asked to approve a contract for $68,000 with Aquadrill, Inc., to conduct aquifer testing, geophysical logging, and construction of four groundwater-monitoring wells in Humboldt County. The contract was approved.
* The Commission was asked to approve a Notice of Intended Action that would rescind Chapter 132, Code of Iowa, regarding the transportation of hazardous waste as it is also listed in Chapter 136, Code of Iowa. The Commission approved the Notice.
* The Commission was asked to approve a Notice of Intended Action regarding the State Revolving Fund for Drinking Water, State Revolving Loan for Wastewater, and Onsite Revolving Loan. The reason for the action is that the Iowa Finance Authority will be restructuring the financing of the programs by calling in the current bond issues and reissuing them at lower interest rates. The Commission approved the Notice.
* The Commission was asked to approve an amendment to a contract with the Iowa Hygienic Laboratory for air quality monitoring that includes ambient air monitoring, stack test observations, and asbestos sample analysis. The amendment includes payment for seven contract positions for a total of $261,000. The amendment was approved.
* The Commission reviewed a presentation on recycling in Iowa given by Bob Craigs from R. W. Beck, Inc. The presentation summarized that the recycling markets for glass, metal, and wood were increasing while the markets for plastic and cardboard had decreased. There are approximately 12,000 jobs in Iowa related to the recycling industry.
* The Commission asked for an update on the permit issued to Environ Eggs Production Company located in Wright County. Wayne Gieselman, Animal Feeding Operations, explained that they were attempting to get Department personnel on-site when the Company began installation of the lagoon. The Department has reviewed the information submitted regarding the installation of the lagoon and is confident it will work properly.

**Next Meeting** The next meeting will be on November 19 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Iowa Telecommunications and Technology Commission FY 2003 Budget Request

**FY 2003 Budget Request** The Iowa Telecommunications and Technology Commission is requesting$1.2 million from the General Fund for video subsidization of educational users in FY 2003. This is a decrease of $1.0 million (44.8%) compared to FY 2002.

**Other Funds Request** Additionally, the Commission has requested the following amounts from other funding sources:

####  FY 2003

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* $12.9 million for payment of debt service for the build out of Parts I and II of the Iowa Communications Network (ICN). This is a decrease of $10,000 compared to FY 2002. These funds follow through the Treasurer of State’s Office.
* $2.7 million for maintenance on lease of the Part III tail circuits, which is no change compared to FY 2002.
* $7.0 million for continuation of the conversion of the ICN to asynchronous transfer mode technology. This is an increase of $3.5 million compared to FY 2002.

**FTE Positions** The Commission requested 105.0 FTE positions, which is no change compared to FY 2002. The FTEs are funded with receipts from services provided. The Commission estimates receipts will be $33.0 million for FY 2003.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Board of Regents October Meeting

**Regents Board Meeting** The Board of Regents met on October 17 and 18 at Iowa State University in Ames. Significant agenda items included:



* Report of the Banking Committee – The Board approved the following upon the Banking Committee’s recommendation:
* Resolution for the sale and award of $13.7 million of Dormitory Revenue Bonds for the University of Iowa (SUI).
* Resolution authorizing the Executive Director to fix the date of sale for $4.9 million of Memorial Union Revenue Bonds for SUI.
* Resolution authorizing the Executive Director to fix the date of sale for $5.9 million of Field House Revenue Bonds for the University of Northern Iowa (UNI).
* Resolution for reimbursement of SUI for repairs for Power Plant Boiler #10 from future utility system revenue bonds.
* Fall Enrollment Part I – Fall enrollment is presented to the Board in two parts. Part I, presented in October, gives general enrollment numbers and trends. Part II, presented in November, gives detail on student characteristics for the Fall enrollment. During Fall 2001, the headcount enrollment is at an all-time high of 70,661, an increase of 1,731 students (2.5%). Approximately 73.0% of students enrolled are Iowa residents. Total headcount by university is:
* SUI – 28,768, an increase of 457 (1.6%).
* Iowa State University (ISU) – 27,823, an increase of 978 (3.6%).
* UNI – 14,070, an increase of 296 (2.1%).
* Annual Report of the Interinstitutional Library Committee and the Interinstitutional Task Force on Scholarly Communication – The Committee and Task Force work to improve library collaboration between the Regent institutions.



REPORT

* Annual Report of the Regents’ Committee on Educational Relations (RCER) – The Committee works to improve articulation between the Regents institutions, other Iowa higher education institutions, and Iowa high schools.
* Annual Report of the Regent Registrars and Admissions Officers Coordinating Committee (RRAO) – The Committee is charged with considering multiple ways of coordinating student records and reviewing appeals on residency classifications.
* Annual Report on Distance Education – Total enrollment in distance education credit classes was 35,125 in FY 2001. This is an increase of 1,181 (3.5%) compared to FY 2000. Total cost of distance education at the Regent institutions was $10.3 million for FY 2001. This is an increase of $1.3 million (14.4%) compared to FY 2000. By category, expenditures include:
* Instructional costs - $6.6 million.
* Technology - $1.3 million (includes two new ICN classrooms at UNI).
* Administrative expenses - $2.3 million.
* Accreditation Reports for the Iowa School for the Deaf - The School was reaccredited by the North Central Association (NCA) and the Conference of Educational Administrators of Schools and Programs for the Deaf, Inc. (CEASD).
* Annual Salary Report for FY 2002 – Average salaries at the Regents institutions for FY 2002 are as follows:

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| --- | --- | --- |
|  | **Nine-month Equiv. Faculty Salaries** | **Professional and Scientific Salaries** |
| SUI | $73,284 | $46,529 |
| ISU | $69,701 | $48,241 |
| UNI | $56,056 | $46,151 |



**Faculty Salaries** Faculty salary data from the American Association of University Professors (AAUP) was used to compare faculty salaries at the Regent institutions with those of peer institutions. The results indicate:

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| --- | --- |
|  | **PEER GROUP RANKING** |
|  | **1999-2000** | **2000-2001** |
| SUI | 8th of 11 | 8th of 11 |
| ISU | 9th of 11 | 11th of 11 |
| UNI | 7th of 11 | 7th of 11 |
|  | **ATHLETIC CONFERENCES** |
| SUI – Big 10\* | 5th | 5th |
| ISU – Big 12 | 3rd | 3rd |
| \*Includes the 10 public institutions in the Big 10. |

* Comprehensive Fiscal Report for FY 2001 - The Report compares actual revenues and expenditures with Board-approved budgets. For FY 2001, the Regents institutions had combined general operating fund revenues of $2.6 billion.
* Annual Regent Merit System Report – The Report provides information about nonprofessional employees categorized as supervisory, blue collar, security, technical, and clerical. There are approximately 8,300 employees in 300 job titles. The average salary in FY 2001 was $28,517.
* Tuition Policies and Proposed Rates – The initial proposal for tuition rate increases was presented at the September meeting. At that time the Board Office proposed an increase of 11.5% in tuition. Per the Board’s request, the Board Office has revisited the proposed increase and is now proposing an increase of 18.5% in base tuition. The additional increase is for the quality component. The new proposal consists of 9.5% for an inflationary adjustment based on the Higher Education Price Index (HEPI) and 9.0% to improve quality. This proposal would increase tuition at all three Regents universities from $3,116 to $3,692 for resident undergraduate students. The increase would result in estimated gross revenues of $51.3 million. Final action on proposed increases for tuition and fees will take place at the November Board meeting.
* Board Meeting Schedule – The Board approved eliminating the December 2001 and April 2002 Board meetings. The Board Office estimated savings of $180,000 for eliminating these two meetings.

**More Information** Additional detail about the Regent Board meetings, including agendas and docket memos is available at the Board’s web site at <http://www2.state.ia.us/regents/meetings/meetings.html>

**Next Meeting** The next meeting of the Board of Regents is scheduled for November 14 and 15 at the University of Northern Iowa in Cedar Falls.

STAFF CONTACT: Mary Shipman (Ext. 14617)

State Board of Education Meeting – Department of Education Presents FY 2003 Budget REquest

**Board Meeting** The State Board of Education held its regular monthly meeting on October 18. The Board heard a presentation in regard to the Every Child Reads project and reviewed the Department of Education’s FY 2003 appropriations request.

**FY 2003 Budget Request** The Department is requesting changes in appropriations for FY 2003 for the following items:

#### FY 2003

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* Teacher Quality Program – $60.0 million, a 50.0% increase compared to FY 2002.
* Nonpublic School Transportation – $8.6 million, a 5.5% increase compared to FY 2002.
* Nonpublic School Technology – The Department is not requesting funding for this item in FY 2003. In FY 2002, it was funded at $1.5 million.
* Regional Libraries (Library Service Areas) – $1.6 million, a 1.9% increase compared to FY 2002.



**Tech./School Improvement** In addition, the Department is requesting the standing appropriation for Technology and School Improvement remain at $10.0 million in FY 2003. The statute set FY 2002 and FY 2003 funding at $30.0 million each year, but the FY 2002 appropriation was reduced by $20.0 million in House File 755 (2001 Standing Appropriations Act). The appropriation will revert to $30.0 million for FY 2003 without further action by the General Assembly.

**Requested Levels** With the exception of school foundation aid, for which the General Assembly established FY 2003 allowable growth at 4.0%, the Department is requesting that FY 2003 appropriations for all other line items remain at FY 2002 levels.

**IPTV Budget Request** Iowa Public Television’s (IPTV) annual budget request is made separately from the Department of Education’s request and was not discussed at the Board meeting. IPTV is requesting an FY 2003 appropriation of $7.9 million for operations, an increase of 0.6% compared to FY 2002. They are requesting that the FY 2003 appropriation for Regional Telecommunication Councils remain at the FY 2002 level of $2.0 million.

**Next Meeting** The next meeting of the State Board of Education is scheduled for November 15 and 16. Further information on meeting schedules and agendas is available from the Department of Education at 281-5296.

STAFF CONTACT: Robin Madison (Ext. 15270)

October Meeting of Medicaid Infrastructure Grant Workgroup

**Workgroup Meeting** The Medicaid Infrastructure Grant Workgroup met on October 17 and conducted the following business:



* State Representative Dave Heaton was present to give the workgroup his insight to the impact of the economic slowdown in Iowa and the affects on the next Legislative Session and the Human Services budget. He did indicate his support of the workgroup’s efforts and willingness to assist as he is able, but funding for this initiative will likely not be available in the next Session.
* A meeting with the Lieutenant Governor is still being planned but has been delayed due to recent budget issues.
* The workgroup continued work on short-range and long-range goals. A talking paper was reviewed which would be used as a handout to share with legislators, general public, and others interested in the proposals on the Personal Assistance Services. The short-range goals include meetings with the Governor and Legislators, writing the State Medicaid Plan amendment, looking at options for “pared down” benefits. The workgroup intends to work on these short-term goals in preparation for changes in the budget situation. Longer-range goals include a needs assessment tool, rules development, provider enrollment, manual development, and training for staff and providers.
* Agenda for the next meeting will include work on the “pared down “ benefit package, with options and associated costs, and initial work on an amendment which would add the Personal Assistance Service to the Medicaid State Plan.

**Next Meeting** The next meeting is scheduled for November 14.

STAFF CONTACT: Sam Leto (Ext. 16764)

October hawk-I Board Meeting

**Hawk-I Board Meeting** The Healthy and Well Kids in Iowa (Hawk-I) Board met October 15 and conducted the following business:



* Review of Correspondence, Reports, Other State News.
* This included articles on decline in the number of uninsured children for the second consecutive year, and an Urban Institute study on outreach to low Hawk-I Income parents and eligible children for enrollment into Medicaid and the Children’s Health Insurance Program.
* Correspondence from Tommy Thompson, Secretary of Health and Human Services acknowledging a request from Governor Vilsack to allow a Section 1115 demonstration waiver which would allow eligible families the option of enrolling their children into the Children’s Health Insurance Program or Medicaid. The Secretary shared concerns about the request but expressed a willingness to work with Iowa on the waiver request.
* Correspondence from the Department of Human Services (DHS) to participating health plans regarding the possible carve out of dental services from services provided currently by the health plans. There appears to be some resistance but the responses to the suggested change have not been received.
* A report by The Kaiser Commission on Medicaid and the Uninsured, which contains national and state-by-state information on Children’s Health Insurance Program enrollment, was reviewed.



* Administrator’s Report
* Budget – This included a review of the Children’s Health Insurance Program budget for FY 2002 through August 2001 and balance in the Hawk-I Trust Fund at FY 2001 year end. If a 4.3% across-the-board cut in State General Funds were to take place in FY 2002, the impact would be $361,200. The DHS indicates that it would restore the cut with the Hawk-I Trust Fund balance available from FY 2001. The federal match rate for the Children’s Health Insurance Program for federal fiscal year 2002 is increased and would provide Iowa with approximately $800,000 more federal funds.
* Enrollment & Statistics – This included a report on applications received, renewals received, and total enrollment at the end of September. The total number enrolled is 21,620 (10,988 for Medicaid expansion and 10,632 for Hawk-I.)
* Outreach Training – This was held September 25 in the Oak Room at the Botanical Center. There were over 90 participants, not limited to DHS employees. The DHS was expecting approximately 50 participants. This training is being planned for the future based on feedback from this session.



* Hawk-I Clinical Advisory Committee update - There is a position paper, which is suggesting this Committee be restructured due to the budget situation. The DHS is recommending a reduction in the number of members and formal procedures for rotating members into leadership roles and rotating members of the Committee and determining frequency that meetings be held. The Hawk-I Board has requested recommendations from the Clinical Advisory Committee for the next board meeting.
* The Hawk-Iapplication has now been finalized for Spanish translation and is in printing. Multi-language posters promoting Hawk-I are printed and being distributed throughout the various outreach groups, insurance companies, and schools.
* The legislative package for Hawk-I was discussed. There is only one change from the previous package, which suggests eliminating the six-month waiting period.
* Tim Gibson from John Deere Health spoke to work being done to increase the number of providers for both Medicaid and Hawk-I programs. He said these increases should be seen near January 1, 2002.
* The November meeting of the Hawk-I Board is cancelled. The next meeting will be held in December.

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

STAFF CONTACT: Sam Leto (Ext. 16764)

FY 2002 Allowable Growth Budget Reduction Implications

**Allowable Growth** On October 11, the Governor announced an across-the-board budget reduction of 4.3% for FY 2002. The impact of such a reduction would reduce payments to school districts and area education agencies (AEA’s) by approximately $77.5 million. Despite the reduction, school districts would keep their spending authority. The school districts would have four options to adjust to the reduction:



* School districts could use the cash reserve they have to make up the difference.
* School districts could borrow money from the Iowa School Cash Anticipation Project (ISCAP).
* School districts could receive short-term notes known as stamp warrants through local lending entities.
* School districts could reduce their expenditures and carry a larger unspent balance into the future year.

**District Information** Each 1.0% across-the-board reduction represents a reduction of approximately $18.0 million. For district-by-district information, please contact the LFB.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Senior Living Coordinating Unit Meeting

**Meeting** The Senior Living Coordinating Unit met October 19 and conducted the following business:

**Elder Affairs Budget** Judy Conlin, Department of Elder Affairs, reported that an overview of the budget for FY 2002 and FY 2003 would not be presented due to the current budget situation, the need for additional preparation, and the absence of official approval from the Governor.



**Federal Grant Approved** Debbie Johnson, Department of Human Services (DHS), reported on the Systems Change Grant and the Olmstead Decision. The DHS applied for a federal Real Choices Grant, which provides long-term care to children with disabilities in the community. The DHS wrote the grant application using the plan for the Olmstead decision as its basis. The application asked for $3.0 million and the grant approved was $1.3 million. The DHS must amend the plan used in the original application by November 28 because of the reduced grant award. The goals of the grant would allow the funding to follow the person, permit no discrimination based on disability, recommend use of para-professionals, and provide transition services. There was some discussion after this report regarding the challenges affecting the elderly, the disabled, and elderly who are disabled.



**Clients Served** Greg Anliker, Department of Elder Affairs, reported there were 3,313 elderly clients who received unduplicated service as a result of the Senior Living Program during the months of July and August 2001. In addition, Mr. Anliker submitted a report for August 2001 that indicated 305 clients did not receive services for different reasons, but mainly due to inadequate funding.

**Grant Denied** Mr. Anliker reported the Department was notified on October 1 that it would not receive a $1.0 million federal grant under the National Family Caregiver Support Program. If received, the grant would have assisted in the establishment of a system of oversight for adult day services, as well as assisted in the provision of training and the establishment of a system for consumer complaint investigation.

**Adult Day Service Oversight** House File 655, an Act relating to the establishment of a system of oversight for adult day services, directed the Department to implement an adult day services system of oversight on July 1, 2002, or at such time as the General Assembly appropriated sufficient funding. The Act did not include an appropriation for FY 2002, and due to the current budget situation, no appropriation will be requested for FY 2003. The Department will continue to explore potential funding options, including collaborative exploration with the DHS. It was noted that a public-private partnership might be possible; however, this would require Department expenditures, as would the consumer complaint investigation process.

**Benefit of Services** Representatives from the Iowa Association of Adult Day Services noted that adult day services, if effectively utilized, could prevent premature or unnecessary institutionalization and reduce the overall cost of long-term care. In addition, it was noted that Iowa is one of six states without a system of oversight in place for adult day services, and currently anyone can describe themselves as a provider of these services. In July 2001, there were 83 known, selfHawk-Identified adult day programs in the State compared to 53 in October 2000. Several long-term care insurance providers will only provide coverage if State licensure or certification is available, or if a provider is accredited by a national organization. Accreditation is a voluntary process on the part of providers.

**Conversion Grants** Rose Boccella, DHS, reported on Senior Living Trust conversion grants for nursing facilities. In FY 2001, round one of the grant process, 77 applications were received and 26 grants were approved, totaling $10.8 million. In FY 2002, round two, 30 agencies expressed interest in applying. Applications are due October 26, 2001. Grants should be awarded by June 1, 2002. Based on $20.0 million appropriation being available for FY 2002, there is speculation that not all funding appropriated will be granted, based on round one experience. Any surplus funding from this appropriation will revert back to the Senior Living Trust Fund at the end of FY 2002.

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 **Web site**

**Web-Based Inventory** Greg Anliker, Department of Elder Affairs, reported on the progress of a web-based inventory of elderly services, which the Code of Iowa required the Department and the Area Agencies on Aging to develop and make available to the public. Mr. Anliker stated the Area Agencies on Aging were permitted to utilize a portion of the Senior Living Trust Fund dollars they received for these technology purposes for FY 2001 only. In addition, some funding from a federal Family Caregivers Grant under the Older Americans Act was providing funds for this mandate. He indicated each Area Agency on Aging would maintain a database that would be available to the public. Three agencies have databases fully implemented, five are well into the process, and five are in the beginning stages. Mr. Anliker stated all agencies should have something in place by the end of December 2001, and the Department will require them to have these web-based inventories in place by June 30, 2002, in order to be eligible to receive Senior Living Trust Funds in FY 2003.

**Elder Abuse Prevention** Mary Ann Young, Department of Elder Affairs, reported the Department received an allocation of $256,000 from the Senior Living Trust Fund for FY 2002 to implement an elder abuse prevention initiative for individuals age 60 and older. The initiative will focus on prevention, detection, training, and intervention, and the Department also plans to expand existing training and public awareness efforts. She reported the Department has issued a Request for Proposal (RFP) to the 13 Area Agencies on Aging for three regional coordinators that will be processed later this month. In addition, the Department is in the process of filling a position for a Statewide Elder Abuse Coordinator.

**Chairpersons Elected** Judy Conlin, Department of Elder Affairs, made a motion to nominate Jessie Rasmussen, DHS, as the new chairperson for the Senior Living Coordinating Unit, and Kevin Techau, Department of Inspections and Appeals, as the new vice chairperson. The motion was seconded and passed.

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

FY 2002 MEDICAL ASSISTANCE EXPENDITURES UPDATE



**Medical Asst. Program** For the week ending October 22, 2001, FY 2002 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $15.6 million. This is $3.0 million below the weekly budget of $18.6 million established by the Department. Year-to-date General Fund expenditures are $122.4 million which is $18.9 million (18.3%) over the $103.5 million budgeted by the Department for the fiscal year. More information is available from the Legislative Fiscal Bureau.

STAFF CONTACT: Sam Leto (Ext. 16764)

*Issue Review* ReleaseD - iowa Department for the Blind

***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** relating to the Department for the Blind. The ***Issue Review*** provides an overview of the history, operations, programs, services, and funding sources for the Department.

**Dept. for the Blind** The Department’s programs and services include an Orientation and Adjustment Center, Vocational Rehabilitation, Independent Living Rehabilitation, Library Circulation and Production, Business Enterprises Program, Provision of Special Tools, Devices, and Aids, Maintenance of a Registry of Iowans who are Blind, and Public Education and Information.

**Issue Review** 

**Program Focus** The Department’s programs focus on the primary needs of blind persons, in particular their need to obtain competitive employment and economic parity with the rest of Iowa’s workforce. As a result, the Vocational Rehabilitation Program, which assists blind persons in achieving individual vocational goals, is the core of the Department’s services, and the Department’s other programs and initiatives further support the efforts of vocational rehabilitation.

**Funding Sources** The Department receives funding from several sources, including an annual appropriation from the State General Fund that is matched by federal funds, as well as donations and bequests. For estimated FY 2001, the Department received approximately $1.9 million from the General Fund and $6.4 million in federal funds. In addition, as of September 30, 2001, the Department had funds from donations, gifts, bequests, and program income that totaled approximately $3.0 million.

**Fiscal Issues/Budget Impact** Fiscal issues and the budget impact relating to these issues include:

* The Department received an unspecified General Fund reduction of $66,000 for FY 2000. As a result, it is anticipated the Department will not be able to match and obtain all available federal funds for FY 2002. The loss in federal funds, however, is contingent upon how the Department’s FY 2002 spending plan is implemented.
* According to the Department’s Maintenance of Effort Requirement, 34 CFR 361.62, the U.S. Rehabilitation Services Administration will reduce the amount of the federal allotment otherwise payable to a State by an amount by which the expenditures made from State funds in any given year are less than the expenditures for the second previous year.
* Title I of the federal Rehabilitation Act provides for vocational rehabilitation services and basic support and accounts for approximately 82.2% of the estimated federal funds in the Department’s operating budget. The Department was able to match all available funds in FY 2000 and FY 2001; however, this was not the case during most years prior to FY 2000.

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

STAFF CONTACT: Lisa Burk (Ext. 16765)

*Issue Review* Released - Dependent Adult and Elder Abuse

***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** relating to dependent adult and elder abuse in Iowa. The ***Issue Review***examines elder abuse as defined by Iowa’s Dependent Adult Abuse law, the various State agencies involved with investigation and enforcement, funding sources, current law, and alternatives.

**Issue Review** 

**Definition** Elder abuse is defined under the Dependent Adult Abuse Law, Chapter 235B, Code of Iowa. Dependent adults are persons over the age of 18 who are dependent on others for care or are unable to care for themselves. Elder abuse is the abuse, neglect, or exploitation of people age 60 or older, and may include physical, sexual, or financial abuse, neglect or self-neglect.

**Statutory Language** For a report of suspected abuse to be founded under Chapter 235B, Code of Iowa, the alleged victim must be dependent; the caretaker must be the suspected abuser; and the abuse must be the type specified in the Code of Iowa as abuse, including physical abuse, such as assault, sexual abuse, and sexual exploitation; denial of critical care; self-denial of critical care; and financial exploitation.



**Reports in FY 2001** According to statistics provided by the Department of Human Services (DHS), there were a total of 758 dependent adult abuse cases reported during the first half of FY 2001. Of these cases, 477 (62.9%) were for victims age 61 and over. For FY 2000, there were 1,086 dependent adult abuse cases reported, with 646 (59.5%) reports for victims age 61 and over.

**Affected State Agencies** The State agencies involved in accepting, reviewing, and evaluating reports of dependent adult abuse and advocating against elder abuse include the DHS, Department of Elder Affairs, Department of Inspections and Appeals, Department of Public Safety, and the Attorney General’s Office.

**Funding Summary** The table below summarizes all Department funds and FTE positions for dependent adult and elder abuse protection for FY 2002.

** Department Funds for Dependent Adult and Elder Abuse - FY 2002**

**Concerns/Issues** The ***Issue Review*** provides a summary of concerns and issues raised by an Assessment Task Force and professionals that attended 16 forums across the State in FY 1998 regarding the current dependent adult abuse law and system. These include:

* An education campaign is needed to raise public awareness and assist in the prevention of dependent adult abuse.
* Mandatory reporters need more education. To accomplish this, the State needs updated, low cost, and accessible training materials.
* Funding is needed for:



A public awareness informational campaign.

Emergency services or shelters for dependent adults.

Increasing the number of investigators and evaluators for dependent adult abuse and training workers who work with dependent adults.

The creation of a statewide team whose sole focus is adult abuse referral, investigation, and services.

The provision and increased availability of necessary services.

Updating education and training materials.

* Systematic changes needed are:

A clear definition of dependency which is uniformly applied to determine dependency, is needed.

Caretaker definition needs to be reassessed.

Multi-disciplinary teams need to meet.

Coordination is needed between agencies, law enforcement, and county attorneys, as well as consistency in response among counties.

Consider changes to confidentiality law to permit agencies to work together and triage for services.

**Alternatives** Alternatives include:

* The General Assembly might consider appointing a task force to review the dependent adult abuse system for possible duplication of abuse investigations and to streamline reporting, evaluation, and investigation procedures.
* To eliminate the potential gap in the State’s protection system, the DHS and the Department of Elder Affairs could review and provide recommendations on new definitions of abuse for victims considered non-dependent and for victims whose abuser is someone other than a defined caretaker.
* The State agencies involved with dependent adult and elder abuse could review efforts to increase and improve public awareness regarding dependent adult and elder abuse in order to assist in reducing and eliminating incidence of this type of abuse.
* Maintain the current dependent adult abuse system with existing State agency involvement.



**Budget Impact** Budget impacts for all alternatives that might require additional funding or staff were not developed at the time of this ***Issue Review.*** An approximation of the costs would depend on the details, decisions, and findings that would be determined if the General Assembly decided to appoint a task force to review the current dependent adult abuse system. In addition, the potential impact to federal funds available for costs associated with dependent adult and elderly protection would have to be approximated depending on the course of action taken.

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

STAFF CONTACT: Lisa Burk (Ext. 16765)

This document can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>