FISCAL UPDATE August 05, 2002

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| **IN THIS ISSUE:** | Legislative Fiscal Committee Meeting, pg. 1 | New College Student Aid Comm. Members, pg. 18 |
|  | FY 2003 School Aid, pg. 2 | Medical Assistance Staff Meeting, pg. 18 |
|  | DHS FY 2003 Budget Plan, pg. 3 | Medicaid Infrastructure Grant Workgroup, pg. 19 |
|  | Per Capita Disposable Income Trend, pg. 4 | Council on Human Services Meeting, pg. 20 |
|  | REAP Congress Held, pg. 5 | Report on State Resource Centers, pg. 25 |
|  | DOC Receives Federal Grant Award, pg. 7 | Judicial Branch Workload Assessment, pg. 26 |
|  | Consumer Advocate’s Allocation Inc., pg. 7 | Kossuth County Sheriff’s Office Investigation, pg. 26 |
|  | Board of Regents Meeting-June & July, pg. 8 | FY 2001 DHS Institutions Audit, pg. 27 |
|  | Board of Corrections July Meeting, pg. 12 | FY 2001 DHS Audit, pg. 28 |
|  | Environmental Protection Commission, pg. 15 | FY 2001 IPERS Audit, pg. 29 |
|  | Master Matrix Tech Advisory Com., pg. 15 | FY 2001 Dept. of Justice Audit, pg. 30 |
|  | Elder Affairs Task Force, pg. 17 | Medical Assistance Expenditure Update, pg. 31 |
|  | Teacher Shortage Loan Program, pg. 18 |  |
|  |  |  |

Legislative Fiscal Committee



**Fiscal Committee Meeting** The Legislative Fiscal Committee met on July 25 in Des Moines. The agenda included:

* Revenue Update
* FY 2002 – 2003 Balance Sheets

General Fund

Tobacco Settlement Trust Fund - Endowment for Iowa's Health Account.

Tobacco Settlement Trust Fund – Restricted Capital Fund

Healthy Iowans Tobacco Trust Fund

Rebuild Iowa Infrastructure Fund

Environment First Fund

* Charts showing appropriations and FTE positions for FY 2000, 2001, 2002, 2003 estimated.
* *hawk-i* Program – monthly update.
* Medicaid Program – monthly update.



* FY 2003 Salary Costs and Funding - Projected cost of funding the current salary projected in FY 2004.
* Governor’s Office- John Cacciatore responded to the issue of the current projected deficit for FY 2003 given the ruling by the Supreme Court on the gaming tax.
* Appropriations Transfers – notices received since the last meeting.

$499,940 from Department of General Services Metropolitan Medical Center Option to Purchase to Capitol Interior Renovation.

$35,000 from Department of General Services Property Management to General Services Operations.

$6,000 from Department of Revenue and Finance Compliance to Revenue and Finance – Cigarette Stamp Printing.

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**Transfer**

FY 2003 appropriations transfer of $509,153 from Department of Public Health various divisions (Child & Adolescent Wellness, Chronic Conditions, Elderly Wellness, Infectious Diseases, Injuries, and Resource Management) to various divisions (Addictive Disorders, Adult Wellness, Community Capacity, Environmental Hazards, and Public Protection).

* Lease Purchase – Dept. of General Services - $509,300 for lighting and air handler upgrades in several buildings on the Capitol Complex.
* Attorney General Tom Miller presented an update on the Federal Labor Standards Act (FLSA) court case and the Racing and Gaming court case, and pending court cases against the State that could potentially cost the State money.
* Mark Braun, Associate Director of Governmental Relations, University of Iowa, presented an update on the restoration of the Old Capitol in Iowa City, which was damaged by fire last November.
* University of Iowa Hospitals and Clinics – follow-up to Des Moines Register article dated July 7, 2002.

**Next Meeting** The next meeting is scheduled for August 22 in Des Moines. The tentative agenda includes: revenue, fund balance, and transfer updates; sales tax information; Dept. of Revenue technology needs relating to data collection & processing; update on court case concerning State taxation of casino gaming; Medicaid and ***hawk-i*** Program information; Priority Iowa Prescription Drug Program; Capitol restoration status; and State government restructuring efforts.

**More Information** Documents distributed at the Fiscal Committee meetings are posted at the following web site:

<http://staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/fiscal_comm_docs.htm>

STAFF CONTACT: Holly Lyons (Ext. 17845)

FY 2003 School Aid

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**Aid & Levy Worksheet** The Department of Management has finalized the FY 2003 Aid and Levy Worksheet and calculated the fully funded State aid amount at the 1.0% allowable growth rate is $1,797.6 million. This is $13.5 million more than the amount appropriated in SF 2315 (FY 2003 School Aid Appropriations Act) for FY 2003 School aid. Each school district’s State aid portion was reduced on a per pupil basis to maintain the FY 2003 school aid formula funding appropriation of $1,784.1 million. The per pupil reduction amount is approximately $27.60. School districts can use cash reserve levies to fund the difference.

**More Information** For further information regarding the FY 2003 Aid and Levy Worksheet, contact the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Department of Human Services FY 2003 Budget Implementation Plan

**FY 2003 **

**Implementation Plan** The Department of Human Services released its FY 2003 Budget Implementation Plan on July 12. The following is a summary of the significant items impacting the Department, services, and FTE positions:

* Field Operations: Maintaining the 118.0 existing vacant FTE positions, with a possible layoff of up to 20.0 FTE positions to reflect the annual shifting of employees between service areas to parallel with annual caseload data.
* Mental Health Institutes:
* Cherokee: Reduction of 12 adult psychiatric beds.
* Clarinda: Reduction of no less than five child and adolescent psychiatric beds.
* Independence: Reduction of five child and adolescent psychiatric beds and five adult psychiatric beds.
* Mount Pleasant: Reduction of 30 substance abuse beds and an increase of 10 adult psychiatric beds.
* Juvenile Institutions:
* Eldora: Maintain vacant FTE positions and reduce bed capacity by up to 20 beds.
* Toledo: Maintain vacant FTE positions and reduce bed capacity by two beds.
* Resource Centers: Monitor supportive services budgets, staff levels, and number of clients served. No reductions in force are projected.
* General Administration: Maintain vacant FTE positions and reduce support expenditures for technology, mailings, and manual copies. No additional layoffs are anticipated.
* Child Support Recovery Unit: Maintain vacant positions, reduce postage, stop issuing coupons, and apply direct deposit where possible.



* Medical Assistance Program (Medicaid):
* Reduce reimbursement rate for contract medical transportation.
* Reduce other contracts.
* Leverage additional federal dollars through hospital Upper Payment Level, Intermediate Care Facility-Mental retardation provider participation fees, Medicare crossover claims in nursing facilities and supplemental drug rebates.



* Reduce pharmaceutical expenditures through State Maximum Allowable Cost Program, drug utilization management, increased prior authorization, preferred drug list, and transfer of veterans’ costs to Veterans Affairs.
* Child Welfare: Eliminate voluntary services to parents, school districts, and other entities, and establish a group care waiting list to operate within the existing statutory budget limitation.
* Various Financial Assistance Programs: Maintenance of the FY 2002 reductions, which took place.

**More Information** It is expected that as FY 2003 continues, additional information and more financial detail will be available and upon receipt, will be provided in future editions of the ***Fiscal Update***.

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

Trend in Per Capita Disposable Income

**Disposable Income** Disposable income is the income available for consumption after tax, nontax, and social insurance payments. On average in 2001, per capita disposable income was 85.8% of the total per capita income. The following table shows the per capita disposable income for Iowa, the Plains States, and the United States.

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**Historical Figures** In 1950, the Iowa per capita disposable income was 103.5% of the U.S. per capita disposable income. By 1960, the Iowa per capita disposable income was 91.6% of the U.S., and fluctuated around that level, ending at 92.5% of the U.S. per capita disposable income in 2001.

**Adjusted for Inflation** Much of the growth in per capita disposable income is due to inflation. The next chart adjusts for inflation, using the consumer price index (CPI) and stating the values in 2001 dollars.

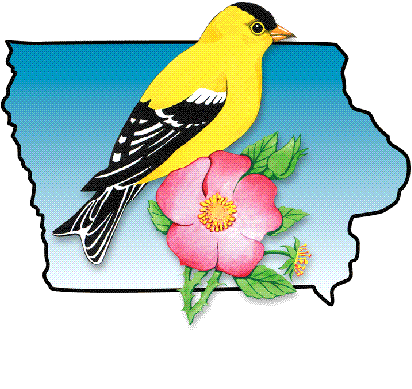
**Growth**  The chart shows that income available for consumption has more than doubled over the past half century. Iowa’s per capita disposable income grew by 225.9% between 1950 and 2001, while the U.S. grew by 252.8%. The Plains States growth paralleled that of the U.S., ending with 252.3% growth in disposable personal income.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Resource Enhancement And Protection Congress Held In Des Moines

**REAP Congress** The Resource Enhancement and Protection (REAP) Congress was held in Des Moines on July 13. Jeff Vonk, Director of the Department of Natural Resources, called the Congress to order and introduced Senator Steve Hansen from Sioux City.

**Funding Reduction**  Director Vonk explained the reduction in funding to REAP that occurred during the past Legislative Session. There was a transfer of $2.8 million from REAP to the General Fund from the FY 2002 appropriation and an additional $8.0 million reduction from the FY 2003 appropriation. Due to the reduction in funding, the Department asked that REAP delegates pay their own travel expenses to the REAP Congress and invited REAP alternates and members of the REAP Alliance to attend. There were 160 people in attendance.



REAP

**Statistics** Vonk also provided the following facts:

* There are approximately 14.0 million visitors to State Parks each year that spend $180.0 million in Iowa communities.
* There is approximately $760.0 million spent each year by people that hunt and fish in Iowa.

**Resolution Adopted** Tom Hoff read the proposed resolution to the REAP Congress and asked the delegates to vote on the resolution. The resolution was passed by the Congress and included:



* Whereas, the original FY 2002 appropriation of $10.0 million for REAP was reduced by $2.8 million in March 2002; and
* Whereas, the original FY 2003 appropriation of $10.0 million for REAP was reduced by $8.0 million in May 2002; and
* Whereas, the resulting $2.0 million FY 2003 appropriation for REAP is legislatively directed to be used only for the following three purposes:
* To pay property taxes for land purchased under the REAP Open Spaces Account.
* For contractual obligations for capital projects relating to natural resources.
* For maintenance of State land owned by the Department of Natural Resources; and
* Whereas, the REAP has consistently proven since its inception in 1989 to be a wise investment in the State’s quality of life; and



* Whereas, REAP has many facets, including conservation education, State open space acquisition and development, soil and water enhancement, county conservation, city parks and open space, State land management, historical resources development, and integrated roadside vegetation management; and
* Whereas, the formula for allocating funds among REAP’s designated programs has functioned well as originally designed; and
* Whereas, REAP is currently authorized in the Code of Iowa to receive $20.0 million per year until 2021.
* Therefore, let it be resolved by the 2002 REAP Congress that REAP funding be restored to $20.0 million for FY 2004 and subsequent years.

**Small Group Discussions** Mark Ackelson, Iowa Natural Heritage Foundation, asked the attendees to break into small groups and discuss ways to restore funding and support for REAP. The groups summarized their recommendations and presented their ideas to the Congress. Some of the recommendations discussed:

* Develop a public relations campaign or marketing program that explains what REAP is and what it has accomplished.
* Contact candidates by mail, phone, or email and explain the importance of REAP.
* Find alternative funding sources for REAP to sustain programs that have been implemented.



* Communicate the results of local projects that have been funded by REAP.
* Reactivate county committees to promote local projects and to communicate the results of the projects to citizens and legislative candidates.
* Develop new partnerships and recruit allies within the REAP Alliance.
* Encourage each person in attendance to find two more people to get involved in REAP.

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

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Corrections Receives a Federal Grant Award

**Federal Grant**  The Department of Corrections (DOC) has been notified that it will receive $2.0 million from the U.S. Department of Justice to assist in transitioning inmates from the prisons to local communities. The DOC will operate the Program collaboratively with agencies that impact the success or failure of inmates on parole. This includes, but is not limited to, Iowa Workforce Development, Fifth Judicial District Court Services, Fifth Judicial District Department of Correctional Services, and a local planning group of service providers.

**Potential National Model** Each State was eligible to receive these federal funds. Programs across the nation will be monitored for effectiveness. The most successful program will serve as a national model for reintegrating offenders into communities.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Office of the Consumer Advocate’s General Fund Allocation Increases



**Fund Authorization Increase** The Legislative Fiscal Bureau has received notification from the Department of Management that, pursuant to Section 475A.6, Code of Iowa, the Office of the Consumer Advocate’s General Fund authorization has been increased by $311,000. The increase is for maintaining existing staff to review the unusually high number of anticipated rate case reviews expected to occur during FY 2003.

**Utility Companies Billed** The Office of the Consumer Advocate bills utility companies for the costs of its services. The payments made by utility companies are

deposited into the General Fund. Any change in General Fund expenses changes General Fund receipts by the same amount.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Board of Regents Meeting – June & July

**June Board Meeting** The Board of Regents met on June 19 and 20 at Iowa State University (ISU) in Ames. Significant agenda items included:



**Educational Coordination** Interinstitutional Committee on Educational Coordination – The Committee recommended and the Board approved the following:

* Post audit report of the Bachelor of Science in Environmental Science Major at ISU. The Board received the report and approved continuation of the Program.
* New program of Master’s in Nursing and Healthcare Practice at the University of Iowa (SUI).

**Legislative Report** The Board received a report on the Second Extraordinary Legislative Session. Much of the discussion centered on reductions to the economic development appropriations for the Board of Regents institutions. The base appropriations for these appropriations for FY 2003 were reduced by 56.0% to 59.0%. There was also some discussion regarding the capture of $1.0 million in fee transfers targeted for research through the Leopold Center. The fee revenue will be deposited in the General Fund rather than be transferred to the Center. This reduction represents 86.0% of the State funding for the Center.

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**FY 2003 Budgets** Preliminary FY 2003 General Fund Operating Budgets – The funding for the Regents institutions consists of State appropriations, tuition and fees, federal support, indirect cost reimbursement, and other sources. The following table illustrates funding sources for the general university budgets.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenues** | **FY 2000** | **% of**  **Total** | **Prelim.**  **FY 2003** | **% of**  **Total** | **Three-year**  **Shift in**  **Funding** | **% Change**  **in Dollars** |
| State Approps. | $ 527.6 | 64.3% | $ 497.5 | 54.3% | -10.0% | -5.7% |
| Tuition & Fees | 246.7 | 30.1% | 359.4 | 39.2% | 9.1% | 45.7% |
| Other | 45.7 | 5.6% | 58.9 | 6.4% | 0.8% | 29.0% |
| Total | $ 820.0 | 100.0% | $ 915.8 | 100.0% |  |  |



**Proposed Salary Policies** Proposed Salary Policies for Professional and Scientific Staff – In general, the State’s salary policy for FY 2003 provides for a 3.0% cost of living increase and merit steps if applicable, as provided in the State’s collective bargaining agreement with AFSCME. This would result in average pay increases of 4.0%. The average increases for each of the Regents institutions is as follows:

* SUI – 3.0%. The Professional and Scientific salary matrix would be increased 5.0% on the minimum and 3.0% on the maximum.
* ISU – 3.0%.
* University of Northern Iowa – 5.6%. The Professional and Scientific salary matrix would be increased by 2.0% on the minimum and 5.0% on the maximum. These increases are consistent with the collective bargaining agreement with the United Faculty. The United Faculty bargaining unit recently voted to delay the proposed increases until November 1 to conform with action taken by the central State AFSCME unit. There is a separate Regents AFSCME unit and they have not voted to delay their pay increases.

**Special Schools**  Proposed Salary Policies for Faculty at the Special Schools – The pay matrix for faculty at the Iowa School for the Deaf (ISD) and the Iowa Braille and Sight Saving School (IBSSS) will be increased by 2.25% with a cost of 3.48% at ISD and 3.54% at IBSSS. The pay matrix for teachers at the special schools is typical of the pay schedules found in K-12 schools throughout the State. The Iowa Association of School Boards reported on June 6 that the average increase for K-12 school district pay schedules is 2.88% for FY 2003. The starting salary at Vinton-Shellsburg schools is $24,305 (average increase of 3.88%). The beginning salary for ISD and IBSSS teachers is $28,658. The settlements for the Lewis Central and Council Bluffs school districts have not yet been reported.



**Proposed Pay Plan** Proposed Pay Plan for the Board of Regents Merit System – The current collective bargaining agreement resulted in substantial change in the pay matrices for employees in AFSCME bargaining units that became effective July 1, 2002. In the past, the Regents Merit System consisted of five separate pay matrices – four for organized staff and one for supervisory staff. The matrices for organized staff consisted of 15 pay grades and 10 steps. The matrix for supervisory staff consisted of 18 grades with 10 steps. The collective bargaining agreement combines the multiple matrices for organized staff into a single matrix with minimum and maximum rates, no intermediate steps, and 15 grades. A similar matrix with 18 steps was proposed for supervisory staff. Organized employees moved to the new matrix on July 1, 2002, and were given an increase of 41 cents per hour (equivalent of an average increase of 3.0%). The maximums of each pay grade will be increased by 4.5% on February 1, 2003.

#### FY 2003

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**Cap. Improvement Plan** FY 2003 Capital Improvement Plan – For FY 2003, the Regents institutions anticipate requesting Board approval of projects with estimated total costs of $403.0 million. Funding sources include:

* $116.0 million from Improvement Funds and Revenue Bonds of Self-Supporting Enterprises.
* $103.0 million for SUIHC Building Usage Funds and Revenue Bonds.
* $75.0 million from State appropriations.
* $71.0 million from gifts.
* $38.0 million from other sources, such as federal funds, operating budgets, and land sale proceeds.

**Unit Cost Study** Biennial Unit Cost Study – The calculated unit cost represents the institutions’ general fund supported cost of instructing a full-time equivalent (FTE) student. The composite unit cost increased 7.3% over two years, for an average of 3.7% per year. These costs do not include capitals, building repairs, and outreach.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Student Level** | **SUI** | **ISU** | **UNI** | **Regent**  **Composite** |
| Lower Division | $ 7,430 | $ 6,926 | $ 6,060 | $ 6,931 |
| Upper Division | 11,288 | 9,621 | 9,622 | 10,170 |
| Overall Undergraduate | 9,432 | 8,402 | 8,132 | 8,698 |
|  |  |  |  |  |
| Master’s | 15,792 | 11,549 | 13,664 | 14,000 |
| Advanced Graduate | 33,005 | 15,444 | 18,954 | 22,348 |
| Professional | 30,382 | 50,714 | N/A | 32,921 |
| Composite | 14,210 | 9,957 | 8,817 | 11,395 |
|  |  |  |  |  |
| Fixed Unit Cost | 2,569 | 2,668 | 1,564 | 2,569 |
| Variable Unit Cost | 11,641 | 7,289 | 7,253 | 8,826 |
| Total Unit Cost | 14,210 | 9,957 | 8,817 | 11,395 |

**Banking Committee** The Banking Committee recommended and the Board approved the following actions:



* Resolution for issuance of SUI Facilities Corporation Revenue Bonds in the amount of $7.8 million for the Medical Education and Biomedical Research Facility Project.
* Resolution authorizing the date of sale for $7.0 million of Academic Building Revenue Project Notes for the Engineering Teaching and Research Project (Phase II) at ISU.
* Taxable loan of up to $750,000 from US Bank for purchase of 250 Dell and Apple laptop computers and software for the College of Design at ISU.

**July Board Meeting** The Board of Regents met on July 17 and 18 at the University of Northern Iowa (UNI) in Cedar Falls. Significant agenda items included:

**Faculty Activity** Annual Report on Faculty Activity – For FY 2002, the average faculty workweek was 58.2 hours at the University of Iowa (SUI), 56.7 hours at Iowa State University (ISU), and 54.1 hours at UNI. Faculty spent the largest portion of their time teaching (50.1%).



**Organizational Review** Report on Organizational Review – Five of 12 projects in Phase II of the Board’s internal organization review were presented for recommendation. These recommendations included:

* Reduce the number of Board meetings.
* Conduct a review of health insurance costs.
* Streamline the Iowa School for the Deaf process for individual education plans.
* Review the composition of advisory boards.
* Monitor athletics.

**FY 2003 Budgets** Final Approval of Detailed Budgets for FY 2003 – The Board approved final budgets for FY 2003 as follows:

**Board of Regents Institutions Budgets – FY 2003**

(in thousands)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **General Fund** | **Restricted Fund** | **Total** |
| SUI | $ 1,036,191 | $ 661,8500 | $ 1,698,041 |
| ISU | 409,772 | 431,937 | 841,659 |
| UNI | 133,549 | 152,337 | 285,886 |
| ISD | 8,560 | 1,326 | 9,886 |
| IBSSS | 4,776 | 2,041 | 6,817 |
| Total | $ 1,592,798 | $ 1,249,491 | $ 2,842,289 |

**Banking Committee** The Banking Committee and the Board approved the following:

* Resolution for sale and award of $7.0 million academic building revenue projects notes for ISU. The bond proceeds will offset a deappropriation of the same amount to ISU. The General Assembly has already approved repayment of the bonds with an FY 2004 appropriation from the RIIF. The funds are to be used for Phase II of the Engineering Building.
* Resolution for issuance of not more than $25.0 million SUI facilities corporation revenue bonds for the SUI Carver College of Medicine, Roy J. and Lucille A. Carver Biomedical Research Building.

**FY 2004**

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**FY 2004 Budget Guidelines** Guidelines for FY 2004 Operating Budget Requests – The Board discussed priorities for submitting the FY 2004 operating budget requests. The top Board priorities will be full funding of salaries and strategic investments. The institutions were directed to prepare appropriations requests for strategic investments in a limited number of the following priorities:

* Educational excellence.
* Focused program enhancements.
* Improved stewardship of facilities.
* Revitalized economic development programs.

In addition, the Board Office reported that the most recent projected range for the FY 2004 Higher Education Price Index (HEPI) is 2.8% to 5.1%. Recommendations for incremental appropriations, other than salaries, should be reasonably limited to increases at or below the midpoint of the HEPI range based on FY 2003 operating appropriations.



**FY 2004 Capital Budget** Capital Budget Requests for FY 2004 – The Board of Regents institutions have requested capital project funding of $118.4 million for FY 2004. The Board approved forwarding $65.7 million of the requested funding to the General Assembly. The approved list for FY 2004 includes the following in priority order:

* $14.9 million for fire and environmental safety at all institutions.
* $15.6 million at ISU for renovation and addition to Coover Hall (information technology and engineering). State funds would be matched by $10.0 million in private gifts.
* $7.0 million at UNI for electrical distribution loop system.
* $19.9 million at SUI for Chemistry Building renovation. This is the first year of a multi-year request totaling $32.0 million.
* $2.6 million to begin remodeling of the ISU Veterinary Teaching Hospital and Diagnostic Laboratory. This is the first year of a multi-year request totaling $40.0 million.
* $5.7 million for phase one of a renovation plan for the science buildings at UNI. This is the first of a two-year request totaling $10.9 million. The renovations would include the Physics Building, central campus greenhouse, and McCollum Science Hall.



**Five-Year Capital Plan** Preliminary Five-year Capital Improvement Plan (FY 2004-FY 2008) – These include:

* $368.7 million for State-funded capital projects, including projects to be funded from tobacco proceeds.
* $158.8 million for the SUIHC funded by Hospital funds and revenue bonds.

**Next Meeting** The next meeting of the Board will be held September 18 and 19 at the University of Iowa in Iowa City.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Board of Corrections July Meeting



**Board Meeting** The Board of Corrections met July 12 at the Fort Des Moines Residential Facility in Des Moines. District Director Gary Sherzan, Fifth Judicial District Department of Correctional Services (DOCS), welcomed the Board and guests. Mr. Sherzan stated the District Department is hiring two new Assistant District Directors; the positions have been vacant for several months. Mr. Sherzan indicated the District Department has no plans at this time to furlough staff during FY 2003, but he will know more in January. He said it was critical to fund substance abuse treatment needs of clients. The Broadlawns Medical Center ended the treatment contract for the Operating While Intoxicated (OWI) program at Fort Des Moines. The District Department has been working with the Department of Public Health so the District Department can provide the services itself, rather than contracting with a local treatment provider. The Bridges of Iowa Program, a licensed, intensive in-patient substance abuse treatment program, will operate 40 beds at Fort Des Moines. An additional four beds will be available for those clients nearing the end of treatment.

**More Furlough Days** Department of Corrections (DOC) Director Kip Kautzky remarked that the DOC might have to furlough staff for nine or ten days, rather than six days, to meet General Fund reduction targets. This is a major staff and inmate safety issue, as long as the inmate population remains high (the population was 8,083 inmates on July 12). The DOC spent $253.0 million from the General Fund in FY 2001, when the year-end prison population was 8,116 inmates. The FY 2002 General Fund appropriation was $243.3 million, and the ending population was 8,151 inmates. The FY 2003 General Fund budget is $240.2 million, and the inmate population is not decreasing. The FY 2003 budget reflects a shortfall of $5.7 million for salary adjustment and $5.9 million for furloughs, and the DOC must reduce expenditures to cover these items. Director Kautzky stated that Iowa ranks 48th nationwide in Corrections spending, at $54.03 per day per capita. The costs of medical and pharmaceuticals have been increasing, and the need for substance abuse treatment now approaches 4,000 inmates annually. The DOC and Community-Based Corrections (CBC) District Departments have reduced the number of supervisors to meet the 1 to 12 staffing ratio. However, Director Kautzky stated the 1 to 12 supervisor to staff ratio “does not work for a 24 hour per day, seven days per week operation”.





**Prison Population Issues** Director Kautzky stated that the high prison population is “clearly a sentencing issue”. He said the DOC plans to meet with legislators before the start of the 2003 Legislative Session, to review the DOC budget and plans to remain within the current budget. The DOC may furlough prison staff for 10 days. This will result in locking down the institutions and operating with minimal staff. All recreation, education, and treatment programs will not be available to inmates during the lockdown. If the DOC implements this procedure, it will notify all county sheriffs that the DOC will not accept new admissions during the days the institutions are locked down. Director Kautzky said he was aware that there were no additional funds available within the General Fund appropriation to reimburse counties for holding more inmates for longer periods. Director Kautzky indicated that furloughs would occur within the last six months of FY 2003, if the current budget remains unchanged and the prison population remains high.

**Electronic Monitoring** Lois Osborn, Fifth Judicial District DOCS, and John Goeldner, DOC Central Office, presented information regarding electronic monitoring. The DOC has $255,000 available to provide electronic monitoring across the State. The technology has improved while prices have decreased. The DOC expects price declines to continue. There are three options available:

* Radio frequency, which is a wrist or ankle band. The cost is currently $2.87 per day.

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* Breathalyzer, which is used in conjunction with the offender’s telephone, currently costs $5.00 per day.
* Voice verification, which uses a voiceprint and the offender’s telephone line, currently costs $1.88 per day.

The most frequently used technology is the radio frequency unit. Electronic monitoring is reserved for high-risk offenders, such as sex offenders.

**GPS Soon Available** The DOC will soon have Global Positioning System (GPS) units available. This technology uses the Internet combined with at least four satellites from the Department of Defense. There will be a cellular phone inside the GPS unit that will notify staff immediately of any violations by the offender. The unit is used in conjunction with a wrist/ankle band and a charger. The General Assembly enacted a law that requires sex offenders to live more than 2,000 feet from a school or licensed day care provider. The DOC will use the GPS to monitor sex offenders’ compliance with this law. The mapping technology within the GPS unit will permit the DOC to review an offenders’ proposed address on the parole plan before releasing the offender on parole.

**Road Maintenance** Deputy Director John Baldwin presented a road maintenance agreement between the Fort Dodge Correctional Facility and the Department of Transportation (DOT). The DOT reimburses the DOC up to $1,200 at the Fort Dodge Correctional Facility for routine road maintenance. The Board approved the contract.

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**Interpreting Services** Assistant Director Michael Savala presented information regarding interpreting services for non-English speaking inmates. The Mexican Consulate in Omaha, NE, expressed concerns about translation services for federal detainees held at Newton and Fort Dodge. There is a need to translate the prison orientation manuals into Spanish. The Board approved a contract with a federal court interpreter to translate the manual into Spanish. The contract is expected to cost no more than $2,000.

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**Contract Approved** The Board also approved a contract with Language Services, Inc., to provide interpreting services for inmate medical and disciplinary meetings. The company provides these services to the United States Department of Justice and provides interpreting services in 163 languages. The cost is $1.95 per minute.

**Telephone Rebate Fund** Deputy Director Baldwin provided a list of budgeted expenditures for the FY 2003 Telephone Rebate Fund. The budget is $594,000 and includes:

* $80,000 for the Victims’ Assistance Program.
* $150,000 for inmate legal services.
* $230,000 for the Inner Change Program at Newton.
* $54,000 for a statewide religious coordinator.
* $80,000 for administration of the Telephone Rebate Fund.

**Next Meeting** The Board approved the proposed budget. The next Board meeting is scheduled for August 2 in Council Bluffs.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Environmental Protection Commission Meeting

**Commission Meeting** The Environmental Protection Commission met on July 22. Some of the issues discussed included:



* The Commission was asked to approve a $46,000 contract with the Adair County Conservation Board to construct an in-lake structure to protect and improve the water quality at Lake Orient. The contract was approved.
* The Commission was asked to approve a $55,000 contract with R.W. Beck, Reed Stowe, & Yanke to research and design a permit fee system for solid waste management facilities. The contract was approved.
* The Commission was asked to approve the renewal of general permits in the Stormwater Discharge Permit Program. These are federal stormwater permits that expire in October and will be renewed for five years. The renewal was approved.
* The Commission was asked to approve a Notice of Intended Action on Ambient Air Quality Standards that will establish ambient air quality standards for hydrogen sulfide and ammonia. An ambient air quality standard is a federal target for an acceptable concentration of a specific air pollutant as outlined in the federal Clean Air Act. The Department of Natural Resources will hold four meetings around the State and an Ambient Air Quality Standards manual will be produced. The Notice was approved.



* The Commission was asked to approve an Emergency Rule and Notice of Intended Action on the interim matrix that will be used by County Boards of Supervisors and the Department to determine if a new animal confinement facility can be built. The interim matrix was outlined in Senate File 2293 (FY 2003 Animal Agriculture Act) that was passed by the 2002 General Assembly. The Commission approved the Emergency Rule and Notice of Intended Action.
* The Commission was asked to deny the Petition for Rule Making to add a new Chapter to the Code of Iowa, regarding Controlling Air Pollution from Confined Feeding Operations that had been requested by the Iowa Citizens for Community Improvement. The Commission denied the petition.
* The Commission was asked to approve an Emergency Rule on Waste Tire Management that restricts open burning to 300 feet from a waste tire pile and restricts fueling of vehicles to 50 feet from a waste tire storage area. The Emergency Rule was approved.

**Next Meeting** The next meeting will be held on August 19, 2002.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Master matrix technical advisory committee for livestock confinement siting holds Meeting



**Advisory Committee** The Committee will develop the master matrix that will be used by County Boards of Supervisors and the Department of Natural Resources (DNR) to determine if a new animal confinement facility can be built. The master matrix was outlined in SF 2293 (FY 2003 Animal Agriculture Act) that was passed by the 2002 General Assembly. This is the third meeting of the Committee. Presentations included:

* Steve Veysey, Hawkeye Fly Fishing Association, talked about the importance of preserving high quality watersheds from animal confinement facilities. Veysey used French Creek as an example. This is a trout stream in northeast Iowa that has had increased phosphorus levels due to manure application in nearby fields.
* C:\Program Files\Microsoft Office\Clipart\standard\stddir1\bd05490_.wmfTom Parrott, Citizens for Responsible Livestock Production, discussed the pollution of Cedar Creek, the main watershed for the Geode State Park in southeast Iowa. Parrott talked about the high bacteria levels in the water due to nearby animal confinement sites. He also explained that the beach area at Geode State Park was closed several times last year due to the high bacteria levels in the water.
* Linda Kinman, Des Moines Water Works, discussed the importance of public health issues when developing the master matrix. Kinman discussed other Des Moines Water Works recommendations that included the development of risk scores for the master matrix, consideration of multiple facilities in one area, contamination of the groundwater from livestock confinement operations, and keeping the matrix straightforward so all users can employ the matrix properly.
* Steve Hoff, Iowa State University, discussed the development of the Computerized Assessment Model (CAM) that was designed to assist in the siting of animal livestock facilities for County Boards of Supervisors and the DNR. The model is based on historical weather patterns and the effects of odor disbursement from animal confinement operations. The model provides an organized and consistent approach for evaluating animal confinement sites.
* Bryan Bunton, DNR, provided a brief overview of two computerized modeling systems that included the Offset Model developed at the University of Minnesota and the model developed by Iowa State University. The Offset model is an inexpensive model that has been tested in five Minnesota counties; however, the model does not provide the cumulative effects of odor. The Iowa State model is a more comprehensive model that provides cumulative effects of odor; however, there has been no peer review or review completed by the federal Environmental Protection Agency.

**Committee**  Members of the Committee discussed the mitigating factors that were identified at the previous meeting that will provide the scoring framework for the master matrix.

C:\Program Files\Common Files\Microsoft Shared\Clipart\cagcat50\pe01561_.wmf Members of the Committee include: Brent Halling, Deputy Secretary of Agriculture; Robin Pruisner, DNR; Mary Gilchrist, University of Iowa; John Lawrence, Iowa State University; Susan Heathcote, Iowa Environmental Council; Harlan Hansen, Iowa State Association of Counties; Calvin Rozenboom, Iowa Farm Bureau Federation; John Whitaker, Iowa Farmer’s Union; Joe Laffoon, Iowa Poultry Association; and Joel Van Gilst, Iowa Pork Producers Association.

**Next Meeting** The next meeting will be held on August 8 and 9 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Governor’s Task Force on the Department of Elder Affairs Appointed and First Meeting Held

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Task Force

**Task Force** The Governor has appointed a task force to complete a comprehensive assessment of the Department of Elder Affairs that will work to identify and determine how the core mission of the Department can be strengthened; identify the work the Department does and make recommendations on how to improve effectiveness in performance of these tasks; and identify the tasks that would be the primary responsibility of the Department. The first meeting of the task force was held on July 16, and members include:

**Task Force Purpose** The task force, led by Stephen Gleason, Director, Department of Public Health, has been directed to summarize findings and make recommendations for presentation to the Governor by September 30, 2002. In completing the evaluation, the task force will include discussions with employees of the Department, customers and stakeholders, and other government agency employees that work with the Department.

**Assessment Focus** The task force assessment will also focus on:

* Determining whether the Department has adequate resources and organization to fulfill its statutory and fiscal responsibilities.
* Identifying the Department’s statutory responsibilities.
* Evaluation of the general background of the Department, such as program responsibilities, federal requirements, products and services, key stakeholders, Department staffing, complaint investigation and resolution, and key measures of Department performance.

STAFF CONTACT: Lisa Burk (Ext. 17942)

Teacher Shortage Forgivable Loan Program Update

**Program Deadline** The College Student Aid Commission recently reported that the deadline for application for the Iowa Teacher Shortage Forgivable Loan Program was June 15 and applications from 447 qualified students were received. Last year (FY 2002) there were 431 applicants.



**FY 2003 Awards** The Commission plans to award loans to all 447 applicants for FY 2003. This is an increase of 119 recipients compared to FY 2002. The maximum loan will be $3,000. Funding for the Program comes through combined federal and State funding totaling $1.5 million. The State General Fund appropriation for the Program for FY 2003 is $472,000.

STAFF CONTACT: Mary Shipman (Ext. 14617)

New College Student Aid Commission Members Appointed

**New Members Appointed** Governor Vilsack recently appointed two new College Student Aid Commission members.



* Donna Sorenson of Iowa City will replace Cleo Edwards as the representative of the general public on the Commission. Ms. Sorenson is the principal in Sorensen Consulting, a management consulting business. She also serves as an adjunct professor for the University of Iowa’s Tippie College of Business. Ms. Sorenson’s other prior work experience includes several executive positions in major banks. Ms. Sorenson earned a bachelor’s degree in history and pre-law from Marycrest College in Davenport and earned her law degree from the University of Iowa.
* Travis Knoop will replace Holly Remsburg as the student representative on the Commission. Mr. Knoop has completed two years of undergraduate study at Iowa Wesleyan College and will transfer to Drake University this fall in pursuit of a degree in history and political science.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Medical Assistance Staff Meeting

**Monthly Meeting** Staff from the Department of Human Services, Department of Management, and the Legislative Fiscal Bureau met July 1 for the monthly review of the financial data for FY 2002 and FY 2003 utilization and expenditures for the Medical Assistance (Medicaid) Program.



**FY 2002 Projections** Based upon the information for the eleven months of expenditures (July through May), the projected need at year-end is expected to be less than the funds available, which was total funding of $1.6 billion and State funding of $522.1 million. The State funds represent a combination of General Fund, Senior Living Trust Fund, Hospital Trust Fund, a portion of the Mental Health property tax relief funds, and tobacco funds.

**Surplus Expected** The projected range of surplus on the date of the meeting for FY 2002 from State funds was $1.7 million to $4.9 million. Staff concluded that a reduction in the number of bed days for nursing facilities and a reduction in the projected increase in the overall number of individuals eligible for Medicaid for the month of May, if sustained in June, may create a surplus for FY 2002. Another factor for the total expenditure will be the amount of pharmaceutical rebates and the amount of refunds to the Medicaid Program. Thus far for FY 2002, there has been an average monthly increase of 0.68% in the number of those eligible for the Program, starting with 227,422 persons in July and through May with 245,640 persons eligible. With a similar projection of 0.70% per month increase for FY 2003, there could be 266,201 persons eligible by year-end of FY 2003. Any funds remaining from those appropriated for the Medicaid Program transfer to the Senior Living Trust Fund upon the end of FY 2002, with the amount expected to be known at the end of September 2002.

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**FY 2003 Projections** For FY 2003, the total State funds available for the Medicaid Program within the various appropriations Acts from the previously delineated sources is $500.9 million. For the months of July and August, funds from both FY 2002 and FY 2003 are expended due to the charges received from providers in those two months for services prior to June 2002. The range of expected expenditures will continue to be reviewed at future staff meetings, and will be reviewed by the Legislative Fiscal Committee on a monthly basis. Absent a decline in the number of persons eligible for Medicaid, expenditures may exceed the funding currently available for FY 2003. In addition, changes to the federal Medicare Program pending in Congress may also impact the Medicaid Program. The three entities will continue to meet monthly to review the FY 2002 and FY 2003 expenditures and projections, prepare information for the Legislative Fiscal Committee, and discuss the proposed FY 2004 budget request due from the Council on Human Services in September.

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

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

Meeting of the Medicaid Infrastructure Grant Workgroup

**Workgroup Meeting** The Medicaid Infrastructure Grant Workgroup met July 24 and discussed the following items:



* Meetings attended during month: Members reported on the meetings attended and opportunities to share information on Personal Assistance Services (PAS). A National Employers Conference was recently held in Des Moines to provide employers a forum to communicate with government officials on the employment needs relating to persons with disabilities. The outcome of this Conference was positive, and the federal officials in attendance will be using the forum in other states. Persons with disabilities were able to post resumes at the Conference.
* Conference calendar reviewed: Members reviewed the calendar with upcoming events and designated who would attend to distribute information on PAS.
* ****Review of other related grants: DHS staff provided the Members with updates of related grants, such as Social Security Administration’s State Partnership Initiative; Benefit Planning Grant; Real Choices Grant; and, the Iowa Workforce Development/Department of Labor Grant.
* Decertification discussion: DHS staff provided the Members with an overview of the federal review at the State Resource Centers in Glenwood and Woodward. Twelve residents were identified as not meeting standards for Intermediate Care Facilities for Mental Retardation and no longer qualify for federal Medicaid benefits. DHS staff indicated the federal interpretation of the standards has changed. The counties will assume 100% of the costs associated with these residents at the Resource Centers or they will be moved to alternative sites. They felt PAS would be a viable alternative to these persons.
* Workplan Update: Members reviewed the status of agreed to strategies for implementing PAS and providing information to businesses, chambers of commerce, and government throughout the State. It was suggested that a series of ICN presentations take place to get more coverage at the grass roots level. DHS staff will be reviewing this possibility and informing members at the next meeting.

**Next Meeting** The next meeting is August 21.

STAFF CONTACT: Sam Leto (Ext. 16764)

July Council on Human Services Meeting



**Council Meeting** The Council on Human Services met July 10 and conducted the statutorily required public hearing for the FY 2004 budget and regular business. Handouts from those submitting written comments to the Council for the hearing can be found on the web site of the Legislative Fiscal Bureau (LFB) at [www.staffweb.legis.state.ia.us/lfb/subcom/human\_serv/interim\_2002.htm](http://www.staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002.htm).

**Public Comment** Public comment was received from:

* Private citizen regarding child support payments
* Child Support Advisory Committee
* Developmental Disabilities Council
* Iowa Dental Association
* Iowa Caregivers Association
* Iowa Association of Homes and Services for the Aging
* Iowa Health Care Association
* Iowa Council for Health Care Centers
* Coalition for Family and Children’s Services
* Iowa Nurses Association
* Broadlawns Medical Center
* American Federation of State, County, and Municipal Employees
* Juvenile Justice Advisory Council
* Iowa Foster and Adoptive Parents
* State Office of Community Empowerment
* Iowa Child Care and Early Education Network
* Food Bank of Iowa
* Johnson County Board of Social Welfare
* Juvenile Court Services/Siouxland Human Investment Partnership
* FutureNet
* Prevent Child Abuse Iowa
* Statewide Independent Living Council and Olmstead (U.S. Supreme Court Decision) consumer
* Iowa Conference United Methodist Church
* Iowa Association of Community Providers

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**Public Comment**

* Iowa Human Needs Advocates
* Personal Assistance Services/Comprehensive Family Support Council
* Division of Community Action Agencies/Iowa Department of Human Rights
* Child and Family Policy Center
* Iowa Attorney General’s Office
* Iowa Family Support Initiative
* Advisory Council on Brain Injury
* Iowa Protection and Advocacy
* Iowa State Association of Counties
* Iowa Medical Society
* Iowa Hospital Association
* Written comments from Planned Parenthood of Greater Iowa, Family Planning Council of Iowa, and Iowa Association for Home Care

**Administrative Rules** Other business included the adoption of administrative rules relating to:

* Restoration of some dental coverage for adults in the Medical Assistance (Medicaid) Program. The information indicates there will be a cost to the State portion of the Program of $56,000 for FY 2002 and $335,000 for FY 2003.

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* Maintaining FY 2002 reimbursement rates for purchase of service and rehabilitative treatment and support service providers for FY 2003. This was required by the General Assembly and should not result in a cost.
* Access by hospital administrators to dependent adult abuse records for employees or potential employees. This was required by the General Assembly. The information indicates there should not be a cost.
* Increase payment levels for dependent persons and family-life home benefits in the State Supplementary Assistance Program. The information indicates there will be a cost of $28,000 per year offset by other changes within the Program.
* Contested charges to counties by the Department of Human Services. The information indicates there should not be a cost.
* Policy changes to home and community-based waivers in the Medical Assistance (Medicaid) Program. The information indicates there will be a cost which was not delineated, and which was included in the FY 2003 appropriation.
* Reimbursement methodology change for rehabilitation agencies in the Medical Assistance (Medicaid) Program to be consistent with the federal Medicare Program. The information indicates an estimated cost of $19,000 to the fiscal agent contract.

**Future Action on Rules** The Council reviewed the notice of administrative rules to be acted upon at a meeting in the future:

* Certification and inpatient reimbursement criteria for hospital special units under the Medical Assistance (Medicaid) Program. The information indicates there should not be a cost.

Administrative

**Rules**

* State Maximum Allowable Cost Program. This implements a cost schedule for drug reimbursement and is required by the General Assembly. The information indicates that there is a savings of $1.5 million for the last eight months of FY 2003 to the Medical Assistance (Medicaid) Program.
* Food Stamp Program. The US Department of Agriculture (USDA) requires some of the changes and some are Departmental options. The information indicates that there is no cost.
* Food Stamp Program. The policy was changed relating to overissuance and recovery of food stamps as required by the United States Department of Agriculture (USDA).
* Licensure and regulation of child care centers. Some of these changes were required by the General Assembly and others are a Departmental initiative. Information indicates that there should not be a cost.
* Registration of child care homes. Some of these changes were required by the General Assembly and others are a Departmental initiative. Information indicates that there should not be a cost.

**Member Concerns** The Council discussed concerns of members of the Council, including:



* Detail regarding the cost of prescription drugs and the impact upon the Medical Assistance Program.
* The national recognition of a garden/greenhouse project at the Juvenile Home in Toledo.
* Locations of the Council meetings in the future, utilizing the institutions themselves for the hosting.
* The budget status and the impact upon the decategorization funded programs.
* The possible reduction in outreach for the Healthy and Well Kids in Iowa (hawk-i) Program and utilizing an existing program within the Department of Public Health for the outreach efforts. Such discussion is under consideration by the hawk-i Board.

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* The ongoing media information regarding assisted living programs.
* The need for an update regarding the DHS reorganization status and impact upon the Field Operations Division.
* The ongoing discussion with the Medical Assistance Advisory Council.
* Reformation of the Welfare Reform Committee and a pending meeting.
* Meetings with the various Service Area Managers of the eight DHS service areas.
* The need to leverage additional federal funds when available.
* The impact of a possible waiting list for certain mental health institutions due to budgetary constraints.
* The bonus award from the federal government for efforts of the DHS within the Temporary Assistance to Needy Families (TANF) Program.
* The need to address the suggestions from the public hearing testimony which are feasible to conduct within the confines of the statute and budget.
* Issues of reimbursements for duties of Council members conducted during conference telephone calls.

**Officers Selected** Members of the Council selected the existing officers for office positions for FY 2003, with Chris Louscher as Chairperson and Ruth Mosher as Vice Chairperson.

**Director’s Comments** Council members heard from Director Rasmussen regarding:



* Concern regarding increased demands upon the staff and decreased funding for the Department.
* Strategic planning under way coinciding with various statutory changes and Statewide planning activities within the Executive Branch.
* The national recognition of the Cedar Rapids area regarding neighborhood child welfare activities and the possible expansion of the pilot project into more geographic areas.
* The possibility of personnel layoffs with the annual shifting of employees to parallel workloads between service areas.
* Continuation of concerns with the FY 2003 underfunding of the Medical Assistance Program (Medicaid) and the cost of the provision of child welfare services.
* The planned release of the FY 2003 budget action plan. (The plan was released on July 12 and a summary is available in a separate entry within this ***Fiscal Update***.)

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

**Other Notes** Other notes of possible interest relating to the DHS but not discussed at the meeting include:



* The federal upper payment limit for hospitals has been approved for Iowa. The expected total for FY 2002 is $20.2 million, which by statute is deposited into the Hospital Trust Fund. For FY 2003, the amount is expected at $12.0 million, due to changes in the federal draw percentage. The amount may also be impacted by pending federal changes for reimbursement rate changes for Medicare. Any funds remaining at the end of a fiscal year after appropriation ($7.0 million for FY 2002 and $12.0 million for FY 2003) automatically transfer to the Senior Living Trust Fund as specified by statute.
* The Legislative Fiscal Committee has requested monthly data regarding the number served and the costs for the Medical Assistance Program (Medicaid) and the Healthy and Well Kids in Iowa (***hawk-i***) Program. The monthly data will be posted on the LFB web site at [www.staffweb.legis.state.ia.us/lfb/subcom/fiscal\_comm/fiscal\_comm\_docs.htm](http://www.staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/fiscal_comm_docs.htm) for each meeting of the Fiscal Committee.
* The State Auditor has released its general audit for the DHS and an audit for those institutions under the authority of the DHS. A summary will be provided in a future edition of the ***Fiscal Update*** and the complete audits may be found on the LFB web site at [www.staffweb.legis.state.ia.us/lfb/subcom/fiscal\_comm/fiscal\_comm\_docs.htm](http://www.staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/fiscal_comm_docs.htm)
* The National Conference of State Legislatures hosted a meeting in Cedar Rapids on July 10-12 regarding child welfare issues. Ten States or cities were represented. Information distributed at the meeting is available upon request.
* The Administrative Rules Committee is requesting the DHS to undertake administrative rule action upon HF 2487 (Disproportionate Share Payments to Children’s Hospitals), which will increase the number of hospitals eligible for the payments and could impact the payments to the hospitals that have received payments in previous fiscal years from the federal disproportionate share funds.

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

Federal Department of Justice Issues Report on State Resource Centers



Federal Report

**Federal Report Received** The United States Department of Justice has issued a report regarding the Woodward State Resource Center and the Glenwood State Resource Center, after an investigation initiated approximately two years ago. Visits took place in November 1999 and in April and May 2001. The report includes concerns regarding several services or procedures at the Centers and minimum remedial measures. These include:

* The elimination of restraints and restrictive controls in most situations and provide training and policy regarding the restraints and restrictions.
* The development of protocols for psychiatric services and greater review of medications.
* The development of protocols for psychological services changes to the written behavioral plans.
* The development of psychopharmacological treatment and assessment.
* Specific improvements in the diagnosis and treatment of medical care in general.
* The evaluation by a neurologist for an individual, when appropriate.
* Specific changes to nutrition management.
* Changes to physical therapy planning and implementation.
* Improvement of reaction to injury and other incidents.
* Training for individualized habilitation needs.
* Improvements in integrated settings for placement and services.
* Improvements in record keeping techniques.

**Directions to DHS**  The report dated July 9 directs the Department of Human Services (DHS) to work with the consultants employed by the U.S. Department of Justice to address the remedial measures and to reach a resolution within 49 days after the receipt of the letter by the DHS.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Judicial Branch Workload Assessment



**Workload Assessment Study** The National Center for State Courts recently completed the State of Iowa Judicial Workload Assessment Study for the Iowa Judicial Branch. The assessment measures the sub-district court workload of the Iowa State Court system, including work of District Judges, District Associate Judges, and Magistrates in 99 counties.



**Present Iowa Model** Iowa does not currently use a weighted caseload model to evaluate the need for new judgeship positions. Instead, the statutory formulas that determine the number of judgeships rely principally on case filings and population. For the last ten years, the number of case filings in Iowa Courts has grown at a much faster rate than the State population. The National Center for State Courts found that the present model Iowa had been using gives too much weight to population. Iowa has eight judicial districts, encompassing 99 counties, and 317 district court judicial positions, including part-time judicial magistrates.

**Findings** Presently, there are 216.5 authorized FTE Judicial positions. After subtracting time for travel and other non-case specific activities, based on calendar year 2000 statistics, the formula indicates a need for 183.7 net FTE judgeships. The predicted FTE judgeship demand is approximately 173.7 FTE positions. The difference between supply and demand shows that the Judicial Branch has 10.1 FTE positions statewide (5.8%) over the FTEs needed to meet the demand based on calendar year 2000 statistics. Ten of the fourteen sub-district’s judicial elections show a positive relationship between supply and demand, while the remaining four sub-districts have a negative relationship. Also, there is a significant percentage variance between the sub-districts.

**More Information** Additional information or a copy of the Judicial Branch Workload Assessment can be obtained from the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Kossuth County Sheriff’s Office - Special Investigation by the Auditor of State



**Special Investigation Report** The Legislative Fiscal Bureau has received a copy of the report of the special investigation of the Kossuth County Sheriff’s Office. The Report covers the period from July 1, 1998, through April 2, 2002, and was requested by County officials. Auditor of State Richard Johnson reported that the special investigation identified $94,000 of misappropriated funds. These funds related to undeposited collections, unauthorized disbursements, and late fees and finance charges accrued on the County credit card. Sheriff Kevin Van Otterloo submitted a letter of resignation to the Kossuth County Board of Supervisors on March 19, 2002. Mr. Van Otterloo issued a press release in which he stated that he used the County credit card for personal items.

**More Information** The report of the special investigation has been filed with the Kossuth County Attorney’s Office, the Department of Public Safety Division of Criminal Investigation, and the Office of the Attorney General. A copy of the report is available at the Kossuth County Sheriff’s Office or at the Office of the Secretary of State. It is also on the Auditor of State’s web site at: www.state.ia.us/government/auditor/reports.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2001 State Audit for Institutions of the Department of Human Services



**Audit Report** The State Auditor has released its FY 2001 audit for the eight institutions under the authority of the Department of Human Services (DHS). The audit identifies several “reportable conditions” and issues recommendations for improvement. In addition, the audit contains historical information relating to average cost per resident, median stays (in number of days), cost per stay, population statistics, total expenditures, and comparison of various costs within the institutions. A copy of the audit is available on the web site of the Legislative Fiscal Bureau at [www.staffweb.legis.state.ia.us/lfb/subcom/human\_serv/interim\_2002](http://www.staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002)

The following is a summary of the findings by institution:

**Clarinda** Mental Health Institute at Clarinda - Development of procedures for the Entertainment Fund, which the DHS is developing.

**Mount Pleasant** Mental Health Institute at Mount Pleasant - No findings were recognized.

**Cherokee** Mental Health Institute at Cherokee - Inclusion of remodeling project costs as a capital improvement, which the DHS plans to comply with in future remodeling projects.

**Independence** Mental Health Institute at Independence - Appropriate documentation of payment for compensatory leave within fiscal years, which the DHS and Auditor have agreed upon action for future fiscal years.

**Woodward** State Resource Center at Woodward:

* Procedures for the evaluation of purchases and reconciliation of available funds for the Essential Lifestyle Planning Program. The DHS indicates procedures will be established to comply with the Auditor’s recommendation.
* Independent inventory of physical property. The DHS plans to have an independent inventory taken in the future.
* Use of public funds for investment in repurchase agreements. The DHS plans to have a custodial agreement in place prior to future investments of such agreements, as recommended by the Auditor.
* Fair market value for rent of State-owned homes and rooms. The DHS will reevaluate fair market value every two years, as indicated by the Auditor.
* Current rental contracts for State-owned homes and rooms. The DHS will update all rental contracts in accordance with the Auditor’s recommendation.

**Glenwood** State Resource Center at Glenwood - No findings were recognized.

**Toledo** State Juvenile Home at Toledo:

* Internal controls regarding all revenues and expenditures. The DHS has provided training and will remind staff annually regarding the required policies for internal financial transactions.
* Policies for fixed assets inventory. The DHS plans to review all fixed assets and update the inventory list and labeling.

**Eldora** State Training School at Eldora - No findings were recognized.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

FY 2001 State Audit for Department of Human Services



**Audit Report** The State Auditor has released the FY 2001 general audit for the Iowa Department of Human Services (DHS). A copy of the audit is available at the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002.htm>

**Recommendations** Recommendations for “reportable conditions” improvements and changes included:

* Temporary Assistance for Needy Families (TANF) data report. Review of required data elements in one quarterly report indicated that coding used was incorrect, that supporting information was not available, and that contact persons were not identified in some of the cases tested. The DHS indicates that incorrect coding has been corrected and that supporting information has been supplied and contacts have been identified.
* Field Office internal controls. Overlap of duties regarding receipt of mail and payments in field offices, child support recovery unit offices, and child care invoices. The DHS indicates that with the reorganization under way, the situation will be improved in the future.



* Foster Care. Certain case plan deadlines, re-evaluation deadlines, and case plan approval requirements were not met. The DHS indicates that the reorganization under way and reassignment of tasks to different staff categories should improve the reportable conditions.
* Foster Care. Certain subsidy agreement plan deadlines, approvals, and documentation requirements were not met. The DHS indicates that staff responsible for the task have been retrained regarding the expectations and requirements.
* Medical Assistance (Medicaid) claims. Claims were paid for medical services provided after recipients reported date of death and recoupment of these benefits could not be documented. The DHS reported on these recoupments and implemented system changes to make information available as needed.
* Negative cash balances in two federal programs. Federal funding draws were not made in timely manners, resulting in the Temporary Assistance to Needy Families (TANF) and foster care programs incurring negative cash balances. The DHS indicates that changes in the federal draw rate and frequency of the federal draw will take place in FY 2003.
* Medicaid- county billings. Tracking disputed county billing amounts that may not be collectable and an appropriate amount of write-off has not been determined. The DHS implemented an accounts receivable system to track balances by county, including disputed claims, and is in the process of writing rules to implement the process for write-off.
* Former Employee Access. Access to the system for automated benefits calculations was not revoked upon departure of certain employees from the DHS. The DHS indicates a formal policy being developed should result in more timely revocation of access.
* Questionable payment to the Sanford Center in Sioux City. This is a continuation of an overpayment regarding juvenile court services, which has been periodically delayed in the administrative hearing process. The $1.3 million being sought by the DHS is scheduled for a delayed hearing on September 4, 2002.
* Child Care Overpayments. This is a continuation of an overpayment to Kinderland in Dubuque, Iowa. The court-ordered repayment is under appeal by the owners of the child care facility.
* Inventory of Fixed Assets. Fixed assets were found without documentation, deletions from inventory were not made, and additions of inventory were not added in a timely manner. The DHS indicates that tracking of inventory that is distributed to institutions in lieu of surplus has been changed and training has taken place to improve the inventory documentation.

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* Seven statutory duties, largely related to various reports and committee and council membership. The DHS indicates that membership to committees and councils continues to be a challenge and the Department is working with appropriate parties to resolve the appointments.
* Emergency Assistance Program. Continued testing and review of the Program for code compliance and effectiveness determined that some applicant files to be tested were not available, files tested lacked required documentation, and procedures were not followed. The DHS indicates that improvements will be made via training to staff to insure audit findings are dealt with in the future.

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

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

AUDIT OF THE IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (IPERS)



**Audit Report** The Office of the Auditor of State issued the FY 2001 Audit Report for the Iowa Public Employees’ Retirement System (IPERS) on June 26, 2002. The Report was received by the Legislative Fiscal Bureau in July 2002.

**Financial Statements** Financial statements of IPERS for FY 2001, IPERS’ internal control system, compliance with statutory requirements and other matters were reviewed.

**No Findings** The Report indicated that the audit did not disclose any findings which the Auditor believed were necessary to report for the year ended June 30, 2001.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Department of Justice - FY 2001 State Audit report



**Audit Report** The Legislative Fiscal Bureau (LFB) has received the FY 2001 audit report of the Department of Justice, as completed by the Office of the Auditor of State. The State Auditor’s Office made several recommendations related to internal control procedures and compliance with statutory requirements:

* Findings related to internal control concern the Office of the Consumer Advocate within the Department of Justice:
* Segregation of duties: The segregation of duties helps to prevent losses from employee error or dishonesty and maximizes the accuracy of the Department’s financial statements. One individual within the Office of the Consumer Advocate has the ability to approve timesheets and personnel actions at multiple levels. The Office of the Auditor of State recommended the Department review internal control procedures. The Department responded that Department level approval for personnel documents was transferred from the Department of Commerce to the Attorney General’s Office in FY 2002.
* Computer Controls: No user-specific logins and/or passwords were required to access utility billings and fixed asset information. The Office of the Auditor of State recommended that the Department of Justice implement certain security features. The Department responded that this recommendation has been forwarded to the Department of Commerce, as that Department is responsible for entering all utility billings and fixed asset information.
* Findings related to statutory requirements:
* Iowa Consumer Credit Code: Section 537.6104(5), Code of Iowa, requires the administrator of the Iowa Consumer Credit Code to file an annual report with the General Assembly. The report has not been made for several years. The Office of the Auditor of State recommended that the Department either file the annual report or take steps to eliminate the requirement from the Code of Iowa. The Department responded that it recommends the subsection be deleted. The Department responds on a broad basis to individual legislators and legislative committees regarding consumer credit issues.

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* Office of the Consumer Advocate: Pursuant to Chapters 475A and 476, Code of Iowa, the Office of the Consumer Advocate determines expenses each quarter and at year-end, and bills utility companies for these expenses. The Office maintains an accounts receivable spreadsheet to track the status of the billings. A reconciliation is performed at the end of the year. The Office reported an accounts receivable amount of $1.1 million for FY 2001. However, as of May 23, 2002, the Office had not performed this year-end reconciliation for FY 2001. The Office of the Auditor of State recommended that this reconciliation be performed, and that procedures be developed and implemented to ensure timely reconciliation of future year-end accounts receivables. The Department responded that FY 2001 billings were delayed due to 2001 legislation that impacted how the Office of the Consumer Advocate and the Utilities Board bill utility companies. A system is now in place to manage the changed billing procedures.

**More Information** Please contact the LFB for copies of the report.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2002 Medical Assistance Expenditure Update



**Medical Asst. Program** For the week ending July 15, the FY 2002 State dollar expenditures for the Medical Assistance Program in the Department of Human Services were $14.5 million. This is $72,000 above the adjusted weekly budget established by the Department. Year-to-date State dollar expenditures are $496.6 million, or $5.9 million above the $490.7 million adjusted year-to-date budget by the Department for the fiscal year. The FY 2002 estimated net State funding for Medical Assistance is now $522.1 million after actions taken by the General Assembly during the most recent regular and special legislative sessions. The Department has revised the FY 2002 weekly budget allocation for the Medical Assistance Program to reflect the change in State funding, and effective July 1, 2002, payments of provider claims are made every other week versus weekly as in the past. This update reflects those changes.

**More Information** More information is available from the Legislative Fiscal Bureau.

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