FISCAL UPDATE October 03, 2002

Legislative Fiscal Bureau (515)-281-5279 FAX 281-8451

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Revenue Estimating Conference Increases FY 2003 Estimate



**REC Meeting** The September 6, Revenue Estimating Conference (REC) increased estimated net General Fund receipts by $119.4 million for FY 2003. Adjusted for $57.1 million in transfers and other revenue adjustments made by the 2002 Legislature and already considered as new revenues in the budget process, the increase in projected net revenue is $62.3 million. The majority of the receipt increase was due to increased estimates for personal income tax ($53.1 million) and corporate income tax ($19.0 million). Both numbers are net of Legislative changes. The following table shows the general areas of revision (dollars in millions).



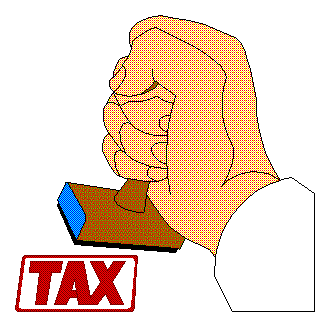
**Income Tax** Income tax receipts represent approximately 47.0% of all General Fund receipts (prior to refunds). Therefore, minor changes in the percentage increase from the previous year result in large dollar changes in annual receipts. Fiscal year 2002 gross income tax receipts (cash basis) were 2.3% below the FY 2001 level. The September REC estimates gross cash income tax receipts will grow 1.9% in FY 2003.

**Sales Tax** Sales tax receipts represent approximately 28.6% of all General Fund receipts (prior to tax refunds). Fiscal year 2002 gross sales tax receipts (cash basis) were 0.8% above the FY 2001 level. The September REC estimates gross cash sales tax receipts will grow 1.0% in FY 2003.

**Use Tax** Use tax receipts represent approximately 4.7% of all General Fund receipts (prior to tax refunds). Fiscal year 2002 gross sales tax receipts (cash basis) were 4.4% below the FY 2001 level. The September REC estimates gross cash use tax receipts will grow 1.0% in FY 2003.

**Corporate Income Tax** Corporate income tax receipts represent approximately 4.3% of all General Fund receipts (prior to tax refunds). Fiscal year 2002 gross corporate tax receipts (cash basis) were 22.3% below the FY 2001 level. The September REC estimates gross cash corporate tax receipts will grow 0.2% in FY 2003.

**Other Taxes** Other tax receipts represent approximately 8.0% of all General Fund receipts (prior to tax refunds). Other taxes include inheritance, insurance, tobacco, beer, franchise, and other miscellaneous taxes. Fiscal year 2002 gross receipts from other taxes were 0.9% above the FY 2001 level. The September REC estimates gross receipts from other taxes will decrease 3.9% in FY 2003.



**Estimates by Source** The spreadsheet below details the latest REC estimates by source of revenue (dollars in millions).



STAFF CONTACT: Jeff Robinson (Ext. 14614)

*Issue Review* Released - Prison Farms

***Issue Review*** The Legislative Fiscal Bureau has recently released an ***Issue Review*** relating to Prison Farms. The ***Issue Review*** includes:

* Background information.
* Update on the current situation, including the amount of land that is farmed, a financial analysis, prison gardens, inmate labor, and prison beds.

**Funding Alternatives** Alternatives to consider for increasing General Fund receipts include:

* Sell all farm land that is currently rented.
* Sell all farm land, both rented and operated.
* Sell all land except for the gardens and land located within the prisons.
* Maintain the current methods of operations.

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

STAFF CONTACT: Beth Lenstra (Ext. 16301)

*ISSUE REVIEW* Released – overview of the state forest nursery

***Issue Review***  The LFB recently released an ***Issue Review*** that provides an overview of the State Forest Nursery. Included in this ***Review*** are the following:

* The State Forest Nursery consists of 98 acres of land in Ames, Iowa, that has been in operation since the 1930’s. The Nursery has leased 84 acres of land from the Department of Corrections at Montrose, Iowa, since 1982. The Montrose operation provides training and employment for 60 inmates.

**Issue Review** 

* The State Forest Nursery sells bareroot seedlings in quantities of 500 or more to Iowa landowners. Since 1990, the Department has sold between three and five million trees and shrubs each year for erosion control, reforestation, wildlife habitat enhancement, and water quality protection. In 2002, the State Forest Nursery sold over 5.5 million trees and shrubs.
* The State Forest Nursery generated $1.7 million in revenue for FY 2002. This accounted for 42.1% of the Forestry Bureau’s revenue for operations. Revenue generated from the sale of trees and shrubs pays for all expenditures at the State Forest Nursery, which includes 9.0 FTE positions, and funds 5.0 FTE positions in the Forestry Bureau that provide technical assistance to private and public landowners. The Nursery employs 60 to 80 seasonal employees that sort, package, and ship seedlings from the Ames location.



* The Department of Natural Resources (DNR) requested a price increase for trees and shrubs at the May15, 2002, meeting of the Administrative Rules Committee. The Committee requested that the DNR meet with private nursery owners to evaluate the demand, capacity, and pricing of nursery stock in Iowa. The DNR met with various forestry stakeholders and prepared a summary report dated June 11, 2002, with the following information:

*Sorting room at the State Forest* Nursery.

* The estimated annual demand for conservation trees and shrubs for the next five years is between 10.0 million and 15.0 million per year.
* The demand will be met with the State Forest Nursery selling five million, private nurseries selling three to four million, and out-of-state nurseries selling two million each year. Currently, there is only one private conservation nursery in Iowa that can produce between two and three million trees and shrubs per year.
* The following table summarizes the pricing of various conservation trees and shrubs in Iowa:

|  |  |  |  |
| --- | --- | --- | --- |
| **Tree Description** | **Private Nursery Average Price** | **Iowa State Forest Nursery Average Price** | **Missouri State Forest Nursery Average Price** |
| Hardwood | $0.56 | $0.42 | $0.24 |
| Conifer | 1.43 | 0.28 | 0.20 |
| Shrub | 0.73 | 0.42 | No Stock |

* The Administrative Rules Committee approved the price increase at the August 13, 2002, meeting.
* The federal Farm Security and Rural Investment Act was enacted on May 13, 2002. The Act will increase cost-share funding for tree planting for current conservation programs and creates a new Forest Land Enhancement Program (FLEP). This new Program provides cost share funding to states that have an approved State Priority Plan that summarizes all individual landowner forestry management plans. The summary will include the number of forested acres, forestry practices, and other required information.



* The DNR has created several partnerships with the Iowa Nursery and Landscape Association. The partnership has developed educational programs such as *Trees For Kids* and the community grant program *Million More for 2004*, and other promotional efforts to increase the planting of native trees and shrubs. It is estimated that the conservation programs have generated $5.8 million in sales to Iowa’s private nurseries over the past three years.

*Growing seedlings at the State Forest Nursery with established windbreaks.*

* During the 2002 Legislative Session, there were discussions regarding the sale of the State Forest Nursery in Ames. The DNR estimated the market value for the State Forest Nursery between $2.0 and $3.0 million for the entire operation. The cost to move and relocate the operation is estimated at $2.8 million for the reestablishment of windbreaks, roads, and other related infrastructure expenditures.
* If the State Forest Nursery is sold, there would be a decrease in revenue of approximately $1.5 million per year and there would not be enough nursery stock in Iowa to meet the demand for conservation projects. If the State Forest Nursery was relocated, there would be an additional investment of $2.8 million for the reestablishment of the operation.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB or can be viewed at the LFB web site: http://staffweb.legis.state.ia.us/lfb.

STAFF CONTACT: Deb Kozel (Ext. 16767)

*ISSUE REVIEW* Released - ASSISTED LIVING IN IOWA

***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** that provides information on Iowa’s oversight system for assisted living programs as originally established within the Department of Elder Affairs, and after the transfer of the monitoring and complaint investigation duties to the Department of Inspections and Appeals. In addition, information regarding funding sources, cost of service, Medicaid coverage, and the affordability of assisted living are provided.

**Issue Review** 

**Copies Available** Copies of the ***Issue Review*** may be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

*Issue Review* - State Medical Library

***Issue Review*** The LFB recently released an ***Issue Review*** on the State Library’s medical collection. The ***Issue Review*** includes:

* Statutory requirements establishing the medical library and administrative rules regarding its operation.

**Issue Review** 

* Statistics on the size of the collection and services provided by the medical library staff.
* Information on the budget for the medical library and the General Fund appropriation to the State Library.

**Copies Available** Copies of the ***Issue Review*** are available from the LFB upon request or on the LFB’s web site at http://staffweb.legis.state.ia.us/lfb.

STAFF CONTACT: Robin Madison (Ext. 15270)

*Issue Review* Released - Community College Governance

***Issue Review*** The LFB recently released an ***Issue Review*** on Community College Governance. The ***Issue Review*** includes:

**Issue Review** 

* Information on previous legislative studies concerning governance of the community college system.
* A description of the current governance system for Iowa’s community colleges and the variety of opportunities for statewide coordination. Examples of coordination and cooperative ventures among the colleges are provided in the attachments.
* Information on community college funding and revenue from various sources.
* Information on four other areas of concern to legislators:
* Standardization and appropriate implementation of policies in certain areas, such as student records and employee disciplinary actions.
* K-16 integration and, specifically, articulation with Regents universities and private four-year colleges.
* Communication with the public and the General Assembly.
* Fundraising and private foundations at the local level.
* Materials from the Education Commission of the States regarding the general issue of post-secondary governance.

**Copies Available** Copies of the ***Issue Review*** are available from the LFB upon request or on the LFB web site at http://staffweb.legis.state.ia.us/lfb.

STAFF CONTACT: Robin Madison (Ext. 15270)

Community College Tuition Increases



**Tuition Rates** The LFB surveyed the 15 community college admissions offices and has compiled a comparison of FY 2002 and FY 2003 resident and non-resident tuition rates. The rates are for tuition only and do not include fees.



**Non-resident vs. Resident** The average FY 2003 non-resident rate is 48.0% higher than the resident rate. The difference in FY 2002 was 50.0%.

**Increases** Between FY 2001 and FY 2002, resident tuition rates increased an average of 15.0%, and nonresident rates increased an average of 12.0%. Several colleges increased tuition rates twice during FY 2002.

**More Information** For further information, please contact the LFB.

STAFF CONTACT: Robin Madison (Ext. 15270)

Department of Elder Affairs Amends Administrative Rules for Assisted Living

**Amendments To Rules** The Department of Elder Affairs adopted a series of amendments to 321-27, *Iowa Administrative Code*, the rules relating to Assisted Living Programs, which became effective July 1, 2002. The notice to amend these rules was originally filed in December 2001, and they were modified in response to public comment.

**Dementia** The amended rules create dementia specific standards and expand on part of the existing criteria used to determine whether an assisted living program provides the appropriate level of care for tenants with dementia. The amended rules now provide that an assisted living program cannot knowingly admit or retain a tenant:



* Who is bed bound
* Who requires more than part-time or intermittent health-related care, including, but not limited to, a person who requires:
* Licensed nursing care for an unstable medical condition
* Daily medication injections with the exception of a person with stable diabetes who receives subcutaneous injections from a licensed nurse
* Daily assessment or treatment by a licensed nurse of conditions such as an open wound or pressure ulcer
* Staff provision of total care for unmanageable incontinence on a routine basis to keep the tenant clean and dry
* Routine two-person assistance with standing, transfer, or evacuation
* Who is dangerous to self or others, including, but not limited to a tenant who:
* Despite intervention, chronically wanders into danger, is sexually or physically aggressive or abusive, or displays unmanageable verbal abuse or aggression
* Has a diagnosis or an active-stage contagious disease, such as tuberculosis
* Who is in an acute stage of alcoholism, drug addiction, or mental illness
* Who is under age 18
* Who meets the assisted living program’s transfer criteria as disclosed in the occupancy agreement

**Concerns** There has been recent concern over what course of action is appropriate if it is determined that a tenant in an assisted living program requires a higher level of care than the program is certified to provide. Since the Department of Inspections and Appeals began monitoring assisted living programs in April 2002, it was determined in at least one case that certain tenants in an assisted living program required a higher level of care than the program was certified to provide. The Department reports that in order to comply with statutory and regulatory guidelines, these tenants needed to be transferred to licensed health care facilities, or, in the alternative, the assisted living program could have sought and obtained licensure under Chapter 135C, Code of Iowa.

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**More Definitive Guidelines** The Department of Elder Affairs reports that the amended rules now provide more definitive guidelines for determining whether an assisted living program is providing the level of care allowed, and were intended to establish readily understandable and reasonable benchmarks to determine whether a transfer to a higher-level facility is necessary. In addition, the amended rules require additional details be included in tenant service plans, including changes in residents’ health and required level of care to assist in determining whether an assisted living program

can provide the appropriate level of care based on the particular circumstances of each tenant.

STAFF CONTACT: Lisa Burk (Ext. 17942)

FY 2004 Budget Request for the Department of Human Services

**FY 2004 **

**Council Approved Budget** The Council on Human Services approved the FY 2004 budget requests for the Department of Human Services on September 11. The request is for $882.0 million of State General Fund monies, an increase of $146.6 million (19.9%), compared to the estimated FY 2003 appropriation. With a continuation of a $59.6 million supplemental appropriation in FY 2003 into FY 2004 assumed within the Council’s request, the increase is $87.0 million (10.9%). The FY 2003 appropriation amounts include one-time salary funds for purposes of these comparisons. This includes:

**Economic Assistance** Economic Assistance: $42.5 million. This is an increase of $1.3 million (3.2%) compared to the estimated FY 2003 appropriation. This includes:

* Family Investment Program (FIP): An increase of $1.0 million for:

Statewide implementation of the Electronic Benefit Transfer (EBT) Program for Food Stamps: $601,000.

Enhancements to the Intelligence Technology (IT) system to allow Income Maintenance (IM) workers more time with clients: $365,000.

* Child Support Recovery: An increase of $281,000 for:

Inflation increases for support costs: $53,000.

County contract cost increases: $157,000.

Replace 159 desktop personal computers: $71,000.



**Medical Services** Medical Services: $518.8 million. This is an increase of $101.3 million (24.3%) compared to the estimated FY 2003 appropriation. This includes:

* Medical Assistance Program (Medicaid): An increase of $98.7 million for:

Estimated increases in eligibles and costs based on FY 2002 actual experience and FY 2003 projected shortfall: $60.0 million.

Estimated increases in eligibles and costs over the FY 2003 projected levels, $35.3 million. This includes an estimated increase in drug product costs of 19.6% compared to FY 2003.

Estimated net increase for Nursing Facilities including a 6.0% inflation increase resulting from case-mix acuity based reimbursement methodology: $2.5 million.

Reimbursement increase for Resource Related Relative Value Scale (RBRVS): $4.6 million.

Decrease due to revenues from Intermediate Care Facilities for Mental Retardation (ICF/MR) participation fee enacted by HF 2625: $3.7 million.

* Health Insurance Premium Payments (HIPP): No change.
* State Children’s Health Insurance Program (SCHIP): An increase of $2.6 million for:

Estimated increase in enrollment in the ***hawk-i*** Program, Medicaid Expansion, and Medical Assistance for Children (MAC) Infant Program: $4.8 million.



Decrease in State fund needs due to utilization of FY 2003 estimated ***hawk-i*** Trust Fund balance: $2.2 million.

* Medical Contracts: An increase of $343,000 for:

Decrease in base budget items for various contracts for services relating to the Medical Assistance Programs: $136,000.

Increase to the fiscal agent for operation expenditures resulting from the implementation of the Health Insurance Portability and Accountability Act (HIPAA): $236,000.

Increase contract for 391 additional disability determinations performed by Vocational Rehabilitation in the Department of Education: $95,000.

Increase for expanding services provided by the Children Health Specialty Clinics for specific wavered services and Early Periodic Screening Diagnosis and Treatment (EPSDT) Program: $82,000.

Increase for contractual services to perform federally required utilization and quality review of automated systems: $88,000.



* State Supplementary Assistance: A decrease of $301,000 for:

Increase in reimbursement rates by 1.5% for Residential Care Facilities and In-Home Health Related Care Facilities required to meet federal maintenance of effort requirements: $244,000.

Decreases in base budget items caused by overall projected decrease of 111 in average monthly eligibles: $545,000.

**Adult, Children & Families** Adult, Children, and Families: $150.1 million. This is an increase of $28.5 million compared to the estimated FY 2003 appropriation (when including FY 2002 salary adjustment funds). This includes changes in:

* Child Care Services: An increase of $2.8 million for:



Restoration of the FY 2002 reduction for federal maintenance of effort requirements: $111,000.

Additional funds to draw possibly available additional federal funds: $1.9 million.

A rate reimbursement increase of 2.0%: $800,000.

* Toledo Juvenile Home: An increase of $59,000 for technology and inflation.
* Eldora Training School: An increase of $69,000 for technology and inflation.
* Child and Family Services: An increase of $25.8 million for:

Increase in the federal match rate, causing a decreased need of $179,000.

Decreases in the services eligible for federal Medicaid matching funds: $696,000.

Increase in the number of adoption and foster care children receiving a subsidy: $6.1 million.

Expansion of the local community partnerships for children: $159,000.

Providing child welfare and juvenile services to more children: $13.4 million.

Child abuse assessment medical testing: $92,000.

Parental drug testing related to child protection cases: $700,000.

Increase in the amount of adoption and foster care subsidy rate: $2.7 million.

Additional child welfare management information system funding: $37,000.

Information technology enhancements: $267,000.

A provider reimbursement rate increase of 2.0%: $1.9 million.

* Family Support Subsidy Program: An increase of $66,000 to a cost of living increase.



**MH/MR/DD** Mental Health/Mental Retardation/Developmental Disabilities: $100.4 million. This is an increase of $7.9 million compared to the estimated FY 2003. This includes:

* Conners Training Funding: No change.
* Cherokee Mental Health Institute: An increase of $52,000 for technology and inflation.
* Clarinda Mental Health Institute: An increase of $126,000 for technology and inflation.
* Independence Mental Health Institute: A decrease of $154,000.
* Mount Pleasant Mental Health Institute: A decrease of $14,000.
* Glenwood State Resource Center: An increase of $1.2 million for technology, inflation, and salary funding.
* Woodward State Resource Center: An increase of $766,000 for technology, inflation and salary funding.
* Developmental Disabilities Special Needs Grants: A decrease of $48,000 which would eliminate the grants.
* State Cases Program: An increase of $372,000 for additional cases and cost per case.
* Mental Health Community Services Fund: No change.
* Personal Assistance Services: An increase of $48,000 to serve eight additional persons.
* Sexual Predator Commitment Program: An increase of $661,000 for additional per diem cost resulting from additional persons committed to the Program, additional staff, inflation, and technology.
* Mental Health Allowed Growth: An increase of $4.9 million, which has been enacted in HF 2623 (Omnibus Budget Act, Regular Session).



**Administration** Administration: $70.2 million. This is an increase of $7.5 million compared to the estimated FY 2003 appropriation and includes:

* Field Operations: An increase of $7.6 million which includes additional staff, inflation, technology, and specific additional staff to parallel the requested increases in juvenile services funding.
* General Administration: A decrease of $14,000 for:

Decrease in salary and support to maintain the austerity program initiated in FY 2002: $80,000.

Increase to replace 121 personal computers: $66,000

* Volunteers: No change.

**Other Funds** Other State Funding:



* Temporary Assistance for Needy Families (TANF): $145.1 million. This is a decrease of $5,000 compared to the estimated FY 2003 appropriation. The request assumes $131.5 million TANF grant award, utilization of the $6.6 million federal bonus, and $7.0 million estimated surplus at year-end of FY 2003. The request adjusts funds between various expenditure categories with increases in the Family Investment Program, Child and Family Services, and Field Operations and a decrease in Child Care Assistance.
* Senior Living Trust Fund: $87.7 million. This is an increase of $20.0 million compared to the estimated FY 2003 appropriation. The request assumes that the Nursing Facilities Conversion Grants of $20.0 million is resumed in FY 2004.
* Healthy Iowans Tobacco Trust: $ 42.8 million. This is the same level compared to the estimated FY 2003 appropriation.
* Hospital Trust Fund: $12.0 million. This is the same level compared to the estimated FY 2003 appropriation.

**More Information** Additional information is available and will also be available in documentation forthcoming from the Legislative Fiscal Bureau.

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

Iowa Communications Network (ICN) Video Classrooms site list update

**Classrooms Added** As of August 2002, the Iowa Communications Network (ICN) has added interactive video classrooms at two community college sites in Oelwein and Chariton. The site at the Clarinda Armory was closed. The total number of Iowa Communications Network full-motion, interactive video classrooms is 759.



**IOWA COMMUNICATIONS NETWORK**

|  |  |
| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 105 |
| K-12 School Districts | 390 |
| Other Education | 8 |
| Libraries | 50 |
| Medical Facilities | 11 |
| Private Colleges | 18 |
| Regents Institutions | 32 |
| National Guard | 56 |
| State Agencies | 51 |
| Federal | 17 |
| Miscellaneous | 5 |
| Classrooms Total | 759 |

**More Information** If you would like a copy of the complete list of sites please contact the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

FY 2004 ICN Video Rates



**Video Rates Established** The Iowa Telecommunications and Technology Commission set the FY 2004 video rates at their September 12 meeting. The new rates will take effect July 1, 2003. There was a 5% rate increase for the following groups: e-rate supported Kindergarten through Twelve use, Public Library use, Community College use, Other Training use, Administrative use, and Federal and Telemedicine use. The Regents and Private Universities did not receive rate increases.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

WEST NILE VIRUS UPDATE

**West Nile Virus** Discovered in Uganda, Africa, in 1937, West Nile made its way to New York in 1999 where it infected 62 people and resulted in 7 deaths. Now the virus is prevalent in Iowa where it first appeared in September 2001. The Virus mainly infects mosquitoes and birds. Mosquitoes then can spread the virus to animals and people. West Nile cannot be spread from person to person. Although the chances of becoming infected with West Nile are low, the Department of Public Health says Iowans should be concerned and should take the following precautions:

**an04220_**

* Eliminate all standing water
* Clean gutters and bird feeders
* Wear long sleeves and pants
* Use insect repellent containing permethrin or 35% DEET
* Avoid outdoor activity at dusk and dawn when mosquitoes are most active

**Symptoms** Although most people that become infected with West Nile never develop any symptoms, common symptoms may include:

* Fever
* Headache
* Body aches
* Skin rash
* Swollen lymph glands

More severe symptoms may include:

* High fever
* Neck stiffness
* Decrease in level of consciousness
* Confusion
* Tremors
* Muscle weakness
* Paralysis



**West Nile in Iowa** As of September 5, 2002, West Nile had been discovered in all but 7 of Iowa’s 99 counties. Thus far, West Nile has been found in 112 horses, 109 birds, 7 chickens, 1 presumptive positive human, and 1 mosquito pool across 92 Iowa counties. The highest prevalence of West Nile appears to be in the Northwest quadrant of the State where 14 counties (Calhoun (2), Sac (2), Woodbury (7), Plymouth (2), Cherokee (2), Buena Vista (5), Pocahontas (3), Palo Alto (2), Clay (1), O’Brien (1), Sioux (11), Lyon (6), Dickinson (3), Humboldt (1)) have combined to total 48 infected horses. These 14 counties contain approximately 42.9% of the infected horses in the State. A detailed map is available at <http://idph.state.ia.us/pa/ic/WestNile.htm>.

**History of Viruses in Iowa** Iowa has a long history of surveillance of arboviruses (West Nile is considered an arbovirus), which began back in the 1970’s in response to an outbreak of St. Louis Encephalitis. The Program has included the collection and testing of sentinel chickens, and the collection, speciation and testing of mosquitoes.

**Control Plan** The following information comes directly from the Center for Acute Disease Epidemiology’s West Nile and other Mosquito-Bourne Viruses Prevention, Response, and Control Plan, released September 3, 2002:

*In response to the spread of West Nile across the United States and into Iowa, this surveillance program was expanded in the summer of 2002 to include the placement of additional sentinel chickens and mosquito traps and the addition of a program to collect, submit, and test dead birds (principally crows and blue jays) for the presence of West Nile. In addition, surveillance programs for both human and equine cases were enhanced.*

*Here is a summary of current surveillance activities for West Nile Virus and other arboviruses:*

1. *Sentinel chicken surveillance. Sentinel chicken flocks are placed and maintained in geographically distinct locations. Chickens are bled approximately every 10 days and sera are sent to the University Hygienic Laboratory where testing for West Nile and other arboviruses is conducted.*
2. *Mosquito surveillance. Mosquito traps are placed and maintained in geographically distinct locations, often at or near sites where there are sentinel chickens. During weekdays, mosquitoes are collected and sent to ISU for identification. Mosquitoes of the same species are then pooled and sent to the University Hygienic Laboratory where testing for West Nile and other arboviruses is conducted.*
3. *Dead bird surveillance. Beginning in the summer of 2002, a program was implemented to identify, collect, and submit dead birds, principally crows and blue jays, to the University Hygienic Laboratory for West Nile Virus testing. Currently, once a bird from a county is identified with West Nile, the county is no longer asked to identify, report, or submit birds, nor will the University Hygienic Laboratory accept additional birds for testing.*
4. *Human surveillance. Surveillance for human cases of West Nile is conducted through a combination of efforts. These efforts include educating clinicians, providing testing for arbovirus infection at no charge to clinicians, and encouraging and facilitating the reporting of cases. At present, no active surveillance is conducted for West Nile or other illnesses that may resemble West Nile.*
5. *Equine surveillance. Surveillance for equine (horse) cases of West Nile is conducted by the Iowa Department of Agriculture and Land Stewardship (IDALS). These efforts include a combination of educational and outreach efforts to encourage testing and reporting of both laboratory-confirmed and suspect cases.*



**Federal Funds to Iowa** In a press release dated August 28, 2002, Governor Vilsack announced that Iowa would receive $400,000 from the Centers for Disease Control and prevention (CDC) to help battle the West Nile Virus. The money will be allocated as follows:

* University of Iowa Hygienic Lab - $304,000 to assist the lab in the testing of human, bird and mosquito samples for West Nile.
* Iowa State University - $61,000 to support the collection of mosquitoes for testing, as well as research into the ability of the virus to survive Iowa winters.
* Iowa Department of Public Health - $35,000 to provide for West Nile Virus education materials for both the general public and professional medical community.

STAFF CONTACT: Russ Trimble (Ext. 14613)

FY 2002 State Appeal Board General Fund Settlements



**Appeal Board Action** The State Appeal Board takes action during the year regarding the approval for payment from the State General Fund for settlements and judgments against the various departments and agencies of State government. The following is a list of claims and amounts paid in FY 2002 for action of departments.

**FY 2002 State Appeals Board Settlements and Judgments**

|  |  |  |
| --- | --- | --- |
| **Agency** | **Type of Claim** | **Amount** |
| Corrections | Personal Injuries | $26,296 |
|  | Alleged Medical Treatment | $650 |
|  | Court Costs | $1,088 |
|  | Sex Discrimination | $65,979 |
|  | Attorney Fees | $52,869 |
|  | Negligence | $500 |
|  | Employment Discrimination | $5,000 |
| Public Health | Sex Discrimination and attorney fees/Board of Nursing | $25,000 |
| Human Services | Wrongful Death/Attorney Fees | $90,000 |
|  | Sexual Assault | $9,606 |
|  | Attorney Fees | $40,276 |
|  | Court Costs | $1,618 |
|  | Racial Discrimination | $36,000 |
|  | Work Related Harassment | $18,500 |
| General Services | Losses to Construction Company | $258,668 |
|  | Court Costs | $140 |
|  | Property Damages | $220,000 |
| Governor/Secretary of State | Failure to comply with National Voter Registration Act | $22,500 |
| Inspections and Appeals | Property Damage | $437 |
|  | Court Costs | $37 |
| Iowa National Guard | Race Discrimination | $5,670 |
| Board of Regents | Personal Injury | $83,500 |
| **Agency** | **Type of Claim** | **Amount** |
| (not U of I Hospitals) | Court Costs | $1,043 |
|  | Attorney Fees | $18,117 |
| U of I Hospitals and Clinics | Personal Injury | $175,000 |
|  | Medical Malpractice/Attorney Fees | $905,000 |
|  | Wrongful Death | $216,320 |
|  | Attorney Fees | $108,680 |
|  | Medical Malpractice | $700 |
|  | Plaintiff Costs | $1,850 |
|  | Medicare Reimbursement/Attorney Fees | $13,333 |
| Judicial Department | Attorney Fees | $7,481 |
|  | Race Discrimination | $14,825 |
| Natural Resources | Personal Injury | $93,138 |
|  | Mediator Fee | $305 |
|  | Personal Injury/Attorney Fees | $2,500 |
| Public Safety | Attorney Fees | $34,667 |
|  | False Arrest | $63,333 |
|  | Property Damage | $325 |
|  | Sex Discrimination | $6,500 |
| Revenue and Finance | Retaliation/Attorney Fees | $45,000 |
| Workforce Development | Personal Injury | $800,000 |
|  | Attorney Fees | $1,002 |
|  | Mediation Fee | $644 |
| Education | Attorney Fees | $56,743 |
| FY 2002 Total |  | $3,530,840 |

STAFF CONTACT: Mary Shipman (Ext. 14617) Sue Lerdal (Ext. 17794)

Judicial Branch State Appeal Board Claim



**Claim** The Legislative Fiscal Bureau (LFB) has been notified that the State Appeal Board has paid an appeals claim from the Judicial Branch for $2,058. The claim was for attorney fees and court costs for an out-of- court settlement regarding a mandamus action filed by the Des Moines Register against the Clerk of Court’s office in Buena Vista County.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

2001 Judicial Branch Annual Statistical Report

**District Court Statistics** Over one million cases were filed and disposed of in the Iowa District Court in 2001. The following is the statistical breakout:





**Civil & Criminal Dispositions** There were 156,346 civil and criminal dispositions in 2001, down 3% from the 161,958 in 2000. Approximately 18% of all civil actions and 2% of all indictable criminal cases were disposed of by a contested trial to jury or court. District court clerks handled 524,129 scheduled violations and 45,335 small claims (dismissals and defaults) without judicial assistance.

**Copies Available** For a copy of the report, please contact the Legislative Fiscal Bureau (LFB).

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Legislative Fiscal Committee Meeting

**Fiscal Committee** The Legislative Fiscal Committee met on September 25 and discussed:



* Revenue Update
* REC Meeting September 6, 2002
* Reversions, accruals, final budget numbers
* Emergency Fund balances, other fund balances
* Rebuild Iowa Infrastructure Fund
* Healthy Iowans Tobacco Trust Fund
* Restricted Capital Fund (Tobacco)
* Endowment for Iowa’s Health Account
* *hawk-i* Program – monthly update
* Medicaid Program – monthly update.
* Sales tax forecast – how have catalog/internet sales impacted sales tax? What is the federal government doing about catalog/internet sales tax issues? What are other states doing? – Jeff Robinson, LFB, and Don Cooper, Compliance Division Manager, Department of Revenue and Finance, presented information.
* Technology needs of the Department of Revenue and Finance (and associated cost) to collect and analyze the information needed to make more accurate forecasts. Mike Lipsman, Department of Revenue and Finance, presented information.
* 2002 Session Fiscal Report – demonstration of CD and web site by Robin Madison, LFB.
* Early Retirement Program – update by Mollie Anderson, Department of Personnel.
* Capitol Security – update by Jennifer Dean, LFB. Lt. Garrison, Post 16, and Betsy Dittemore, Department of Public Safety, were available to respond to questions.
* Capitol Interior Restoration update by Tom Johnson and Dean Ibsen, Department of General Services.
* Priority Iowa Program
* *Issue Review* – Russ Trimble, LFB.
* David Fries, Interim Executive Director of the Iowa Prescription Drug Corporation.
* John Forbes, Community Pharmacist, Medicap Pharmacy, Urbandale, IA.
* Bob Egeland, Assistant Vice President of Pharmacy Operations for Hy-Vee Corporation.

* Program Elimination Commission - update by John Pollak, LSB.
* Follow-up information on University of Iowa Hospitals and Clinics, Mary Shipman, LFB.

**Information Posted** Material from this meeting has been posted to the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>.

**Next meeting** There will be no October meeting. The next meeting of the Fiscal Committee is scheduled to be November 20 in Des Moines. Tentative topics include follow-up on Iowa Priority, various education topics, revenue update, State government restructuring, and preliminary look at the FY 2004 budget.

STAFF CONTACT: Holly Lyons (Ext. 17845)

Governor’s Task Force on Department of Elder Affairs Holds Second Meeting



**Task Force Meeting** The Governor’s Task Force on the Department of Elder Affairs met on August 21 to review the results of recommendations that were submitted by task force members, constituency groups, and the public through the Department of Public Health’s web site by the August 9 deadline. The recommendations that were germane to the task force goals were prioritized and further discussion will take place at the next meeting.

**Web Site** The Department of Public Health has established a web page for the task force as a link from the Department’s homepage at <http://www.idph.state.ia.us/dir_off/DEA/default.htm>. At the site, visitors can send questions or comments to any of the task force members.

**Summary Due** The Legislative Fiscal Bureau (LFB) will report on the finalized recommendations, which are scheduled to be summarized in a report to the Governor by September 30, 2002.

STAFF CONTACT: Lisa Burk (Ext. 17942)

Meeting of the Medicaid Infrastructure Grant Workgroup

**Workgroup Meeting** The Personal Assistance Services (PAS) Medicaid Infrastructure Grant Workgroup met on August 21. The following items were discussed:

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**Town Meeting**

**Clearing House** Conference Clearing House: Updates were provided to Workgroup members regarding other meetings/conferences attended or activities being planned relating to the Iowa PAS Program proposal. Those included:

* Building Bridges Forum - Information on the Iowa PAS Program proposal provided.
* Youth Leadership Forum - Information on the Iowa PAS Program proposal provided.
* Disabilities and Health Conference in Atlanta - Iowa is one of a 14-project area identified.
* People First Organization - Working to get this organization into Iowa.



**Workplan Update** Workplan/Strategy Update: The Workgroup discussed at length the planning for an Iowa Communication Network (ICN) session in September for sharing information about the Iowa PAS Program proposal. Funding is available from the Grant to provide information to the public. The Workgroup identified the targeted audience for the ICN session. The proposed agenda for the ICN session would include:

* Activities that occurred prior to the Infrastructure Grant.
* Background and history of the Iowa PAS Program proposal.
* Funding - Who Pays? Where is the mandate going to lay? What would it take for the Iowa PAS Program proposal to be a possibility in Iowa?
* What is the Iowa PAS Program proposal? How this differs from existing programs.
* Who will benefit?
* Discussion of the Iowa PAS Program report submitted to the Governor and General Assembly.
* Provide other materials including articles, the Executive Summary of PAS Program Report, the PAS Program Brochure, etc.
* Discussion at the local sites, using Workgroup members as facilitators, about what could be done in their community relating to the Iowa PAS Program proposal.



**Employer Involvement** Employer Involvement in the PAS Program proposal: The Workgroup heard from representatives of the Employment Policy Group at the University of Iowa regarding opportunities to market the PAS Program proposals to employers. They indicated that when the State has a lower unemployment rate, businesses are short on workers and providing PAS for a steady employee saves the employer money. A brochure is being developed by this Group to show employers how offering the PAS Program can enhance their applicant pool. They emphasized that retention of workers is key. A PAS Program is currently looked on by employers as an extra expense. They want to change the employer’s mindset. The focus of this information is employer focused, not consumer focused.

STAFF CONTACT: Sam Leto (Ext. 16764)

Medical Assistance Staff Meeting

**Medical Assistance** Staff from the Department of Human Services, Department of Management, and the Legislative Fiscal Bureau met August 21 for the monthly review of the financial data for FY 2002 and FY 2003 utilization and expenditures for the Medical Assistance (Medicaid) Program.



**Small FY 2002 Surplus** Based upon information for the twelve months of expenditures (July through June), the projected need at year-end is estimated to be less than the funds available. The expenditures for FY 2002 are projected to be less than the total appropriation, resulting in a small surplus. Total funding for FY 2002 is $1.6 billion and State funding is $521.9 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.

**Reasons for Surplus** The projected surplus on the date of the meeting for FY 2002 from State funds was $3.4 million. Staff concluded that changes which occurred in June compared to what was projected include a reduction in the number of bed days for nursing facilities and a less than expected increase in the overall number of individuals eligible for Medicaid. Another factor for the surplus relates to an increase in recoveries. For FY 2002, there was an average monthly increase of 0.64% in the number of those eligible for the Program, beginning with 227,422 persons in July 2001 and ending the year with 244,774 persons eligible. With a similar projection of 0.70% per month increase for FY 2003, there may be 266,201 persons eligible by the end of FY 2003. Any funds remaining from those appropriated for the Medicaid Program for FY 2002 transfer to the Senior Living Trust Fund upon the end of FY 2002, with this exact amount not known until the end of September 2002.

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**FY 2003 Projections** For FY 2003, the total State funds available for the Medicaid Program are $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 and for charges provided beginning July 1. The range of expected expenditures will continue to be reviewed at future staff meetings, and will be reviewed by the Legislative Fiscal Committee during the interim. 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: Sam Leto (Ext. 16764) Sue Lerdal (Ext. 17794)

September Meeting of the Council on Human Services

**Council Meeting** The Council on Human Services met September 10 and 11 and conducted the following business:

**FY 2004 Budget Request** Approved the FY 2004 budget request of $882.0 million, State General Funds which is an increase of $146.6 million (19.9%) compared to the estimated FY 2003 appropriation. With a continuation of a $59.6 million supplemental appropriation in FY 2003 into FY 2004 assumed within the Council’s request, the increase is $87.0 million (10.9%). Detail of the request can be found in a separate entry within this edition of the ***Fiscal Update***.

**FY 2004 **

**Approved Rule Changes** The Council approved the following administrative rule changes:

* Policy change to the Medical Assistance Program (Medicaid) relating to dental coverage. There is a cost impact of $341,000 State funds anticipated.
* Maintaining the FY 2002 reimbursement rates for various purchase of service and rehabilitative treatment and support service providers for FY 2003. No change in expenditures is expected.
* Policy change in the Medical Assistance Program (Medicaid) relating to allow qualified children’s hospitals to receive disproportionate-share payments. There is no fiscal impact indicated as the amount of available funding does not increase or decrease.
* Policy to implement The Hospital Trust Fund (HF 763) created in the State treasury under the authority of the Department of Human Services. The fiscal impact is additional revenues of $20.0 million in FY 2002 and $12.0 million for FY 2003.



* Changes in regulations of child care centers. The administrative rules have been amended since initial notice. No change in expenditures is expected.
* Policy changes to the Emergency Assistance Program to expand and clarify program policy and to allow the DHS to contract for the services provided by the Program. There is no fiscal impact indicated.
* Policy changes to the Family Investment Program (FIP), Medical Assistance Program (Medicaid), and the Food Stamps Program, due to changes in field office accessibility. There is no fiscal impact indicated.

**Proposed Rules** The Council approved the initial process for administrative rule changes to be considered at a future meeting:

* Eliminates limited Medicaid eligibility for two 100% federally funded eligibility groups within Medical Assistance effective January 1, 2003. The fiscal impact is a loss of $1.0 million federal funds resulting from this federal change and approximately 300 persons may qualify for the Medically Needy Program which requires a spend down.
* Change time limits for processing applications for the Home and Community Based Services Ill and Handicapped and Mental Retardation waivers in the Medical Assistance Program. There is no fiscal impact indicated.

**Construction Program** Council members approved the FY 2003 - FY 2007 Construction Program relating to the park and institutional roads. This is the allocation from the Road Use Tax Fund to State institutions received by the DHS.

**Director’s Report** Director Rasmussen presented an overview of the DHS budget with perspectives of what occurred in FY 2002, what is anticipated in FY 2003, and what may occur for FY 2004. The Director indicated the following:



* The Department of Human Services (DHS) will continue with the austerity plan started in FY 2002 in both FY 2003 and FY 2004 due to shortfalls in State revenues.
* The DHS will continue with leveraging strategies especially in the Medical Assistance (Medicaid) Program, to reduce expenditures.
* The DHS will concentrate of delivery of “core services” which are mandated by federal and State statute.
* The growth in the budget for FY 2004 relates to entitlement areas such as Medicaid, but feels that there are pressure points within the Child Welfare and Field Operations areas which need to be addressed.

**Concerns** Council members discussed the following concerns:

* The need to financially support the field staff in lieu of administrative costs when developing the FY 2004 budget request.
* The need to develop a mechanism to increase the communication with legislators when making statutory and budgetary decisions.

**Delayed Action on Rules** Changed proposed administrative rule action, and agreed to delay or withdraw from the Director’s Notice, the following rules:

* Tabled the proposed changes in regulations of family and group care child homes. The administrative rules have been amended since initial notice and the implementation date has been delayed from the statutory October 1 to December1, 2002. No change in expenditures is expected. The Council requested additional information regarding the proposed changes.

Administrative

**Rules**

* Withdrew the proposed changes in foster and adoptive parent training requirements. The training was already part of the FY 2002 DHS budget and the administrative rule changes themselves are not expected to impact the cost of the training. The Council requested additional information regarding the proposed curriculum and the impact to the number of foster parents as a result of the additional hours of training.

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

**Other Items** Other items of possible interest not directly related to the meeting include:

* The release of a report by the DHS required in HF 732 (FY 2002 Human Services Appropriations Act) regarding the State Maximum Allowable Cost Program. A copy of this report is on the web site of the Legislative Fiscal Bureau at: <http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002.htm>

**Issue Review** 

* The release of an Issue Review by the LFB relating to the Senior Living Trust Fund as provided for the August meeting of the Legislative Oversight Committee. This can be found at: <http://staffweb.legis.state.ia.us/lfb/IREVIEW/ireview.htm>
* The DHS has released a revised FY 2003 expenditure plan for the Temporary Assistance to Needy Families (TANF) funds, which reflects a planned carryforward of $10.6 million into FY 2004 compared to $1.2 million used during the action by the General Assembly. The adjusted carryforward includes the $6.6 million in bonus funds awarded by the federal government since adjournment of the General Assembly. The DHS plans to transfer $1.3 million from the child care assistance TANF appropriation to the child and family services TANF appropriation.
* The DHS has released its plan regarding the FTE position adjustment between the service areas, which include FTE reductions, reassignment of position, voluntary reassignment by position classification, and adding FTE positions. The information provided indicates that the no position classifications of child protective assessment workers and income maintenance positions are being eliminated.
* The DHS has released its FY 2004 original budget request, amended at the meeting, which can be found on the Department’s web site at <http://www.dhs.state.ia.us> and is included in "Latest News." The information is entitled "Budget Worksheet for FY 2004 and 2005”.

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

September Meeting of the Mental Health and Developmental Disabilities Commission

**Commission Meeting** The Mental Health and Developmental Disabilities Commission met September 3 and conducted the following business:



* Approved various accreditation requests.
* Approved a change in the County Service Plan for Pottawattamie County.
* Heard from Department of Human Services (DHS) staff regarding:
* The proposed FY 2004 Department budget request submitted to the Council on Human Services. The proposal for the entire budget can be found at "<http://www.dhs.state.ia.us>" under "Latest News." The information is entitled "Budget Worksheet for FY 2004 and 2005.
* An update regarding the Mental Health Block Grant application.
* The Personal Assistance Services workgroup scheduled for a Statewide informational meeting on September 25.



* A workgroup underway with the Iowa State Association of Counties, the County Attorney Association, and the Department of Corrections regarding “Chapter 812” issues, referring to the Code of Iowa chapter relating to certain mental health commitments.
* Discussion of the Olmstead decision activities, referring to a U.S. Supreme Court case regarding services to populations outside of an institutional setting.
* Heard from Department of Elder Affairs staff regarding a proposal related to a requirement of the Commission in HF 2430 (Mental Health Commission Duties Act) that a report be submitted regarding the status of resident advocate committees in residential care facilities. Action was tabled until the next meeting.
* Heard from DHS staff regarding an explanation of the intermediate care facility/mental retardation (ICF/MR) tax (provider tax) which was implemented by the General Assembly to leverage additional federal funds without impacting the daily cost to counties.
* Discussed the requirement to make an FY 2005 mental health allowed growth recommendation. Action was tabled until the next meeting.
* Reviewed the effort underway regarding the long-term redesign project, including:
* The workgroup proposed to review the “decertification” of certain clients at the Woodward State Resource Center.
* The application process and those received regarding serving on the four workgroups established for the redesign project.
* The unique status of the legal settlement workgroup and the intention to have that workgroup meet in the near future.
* Discussed the status of the required annual and biennial reports.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Board of Corrections September MeetingS

**September 6 Meeting** The Board of Corrections met September 6 at the Waterloo Residential Facility. Board Chair Suellen Overton opened the meeting with a moment of silence in memory of John Goeldner, who died September 1. The Board extended its condolences to John’s family.

**First District** District Director Dan Craig, First Judicial District Department of Correctional Services (DOCS), welcomed the Board and guests. He stated the District Department serves 11 counties in northeastern Iowa, and provides supervision services for probation, parole, and residential clients.

**Drug Courts** Director Kip Kautzky, Department of Corrections (DOC), indicated that one of the major issues the DOC is facing is the lack of alternative sanctions and dwindling substance abuse treatment dollars. Drug Courts are operating in the Second, Third, Fourth, Fifth, and Seventh Community-Based Corrections (CBC) District Departments. Funding limitations at State and local levels reduce the value of this sentencing alternative to divert prison-bound offenders. Also, methamphetamine causes brain cell damage that increases treatment needs up to six months of in-patient substance abuse treatment. The State’s managed care system does not fund this length of treatment. The revocation rate to prison from CBC is increasing while resources are decreasing, primarily due to a lack of treatment in the community.



**Prison Population Issues** Director Kautzky stated that the DOC cannot “meet judicial and legislative mandates if the prison population stays high” and the DOC “cannot operate a safe system without more money”. The DOC and CBC District Departments lost approximately 273.0 FTE positions due to FY 2002 budget reductions. Deputy Director Larry Brimeyer indicated that “The ice is very thin.” He also said there was an exodus of experienced leaders due to early retirements, and no dollars are available to fill those positions. Staffing has decreased while the number of offenders has increased.

**Department Actions** The Department has taken the following steps to operate within budget limits:

* All new staff work only 32 hours per week during their probationary period (the first six months of employment).
* Training opportunities are very limited, which increases the State’s tort liability.
* Overtime has been reduced to a point where medical support areas are dangerously understaffed.
* Inmates cannot participate in treatment programs that the Board of Parole encourages them to enter before release.
* Inmate idle time has increased; this transfers responsibility from education and treatment staff to correctional officers.
* No substance abuse assessments are completed at the Iowa Medical Classification Center at Oakdale. Prior to budget reductions, all inmates were assessed and classified as to type of need (in-patient, out-patient, education, etc.) and then placed in the prison system accordingly.
* To DOC staff knowledge, no other State in the country has implemented furloughs in the prison system. It is next to impossible to do so.
* Staff work loads plus pharmacy and medical costs have all increased.

**Chairperson’s Comments** Board Chair Suellen Overton said “We are talking to deaf ears and the Legislature is not listening.” The Board “has been an advocate for sentencing reform for five years and we saw this coming.” The budgets need to be restored so “we can have a safe community.” She also stated, “It is not too late” and “The train has not yet fallen off the track.”

**FY 2004 Budget** The Institutions and CBC District Departments in the Eastern Division are focusing their FY 2004 budget request on:

**FY 2004 **

* Restore salary dollars related to furloughs and salary adjustment shortfalls. The salary adjustment need was under-funded by approximately 59.0% across the DOC and CBC District Departments.
* Fund salary adjustment received in FY 2003 from the General Fund in FY 2004. The FY 2003 salary adjustment appropriation was funded from other revenue sources in FY 2003; therefore, it is not included in the General Fund base budgets for FY 2004.
* Restore funding that has been reduced in the last two years to FY 2001 levels. This package is for offender programs to aid in reducing recidivism.
* Fund increases due to inflation such as sewer and waste disposal.
* Fund the annualization costs for the Critical Care Unit, formerly referred to as the Special Needs Unit, at Fort Madison. The 200-bed facility received a partial appropriation in FY 2003, based on opening the facility in phases during the fiscal year.

**Eastern Division Focus** The CBC District Departments in the Eastern Division focused on:

* Probable increase in revocations to prison.
* Significant increases in caseloads that do not permit effective supervision.
* Marked loss of contract substance abuse treatment services critical to keeping offenders out of prison.
* Declining availability of community mental health services.

**Staff Changes** Director Kautzky informed the Board that Warden Ault at the Anamosa State Penitentiary is seriously ill. Deputy Director Larry Brimeyer will serve as Acting Warden while maintaining his responsibilities with the Iowa State Penitentiary at Fort Madison, Iowa Medical and Classification Center at Oakdale, and the First and Sixth CBC District Departments. Assistant Director Michael Savala will be assuming responsibilities associated with the Newton and Mount Pleasant Correctional Facilities plus the Seventh and Eighth CBC District Departments.

**September 13 Meeting** The Board of Corrections met September 13 at Central Office in Des Moines to finalize the FY 2004 budget request. Board Chair Suellen Overton stated that John Goeldner’s family expressed its thanks to the Board for its concern and support in their time of loss.

**FY 2004 **

**FY 2004 Budget Request** Director Kautzky presented the DOC’s FY 2004 General Fund budget request to the Board. He stated the Department reduced the cost of correctional services due to declining General Fund revenues. Although the Board of Parole continues to accelerate the release of low-risk offenders, the prison population continues to increase. Workload is determined by the court system that sends offenders to CBC and the Institutions, while the length of stay in prison is determined by the Board of Parole. The prison population has hovered around 8,100 inmates for the last three years while the Institutions’ budgets are based on 7,500 inmates. The DOC has taken the following actions to reduce correctional service costs:

* Staffing levels in Institutions and CBC District Departments were reduced by 273.0 FTE positions through retirement, forced vacancies, and layoffs.
* Overtime costs were reduced by nearly $2.0 million, to a historical low of approximately $1.0 million annually.
* Food service costs were reduced from $1.56 per meal in FY 2001 to $1.46 per meal in FY 2002 by reducing both staffing and direct food costs. The Institutions are relying on their gardens for fruits and vegetables. The North Central Correctional Facility provides “quick chill” processing to store fruits and vegetables.



* Medical treatment appointments at the University of Iowa have been carefully prioritized based on medical determination of need to reduce transportation costs.
* The DOC is working with the University of Iowa to assist in further cost refinement by limiting clinics to two days per week.
* County jail confinement costs have been reduced for the DOC by transporting alleged parole and work violators in Polk County directly to the Newton Correctional Facility and the Iowa Correctional Institution for Women at Mitchellville. At the beginning of FY 2002, the DOC started paying $50.00 per day to all counties for holding parole, work release, and Operating While Intoxicated (OWI) alleged violators due to budget concerns. At the end of FY 2002, all counties were paid in full for their services.
* Diversion beds available to the courts were increased by 150 at the Fort Dodge Correctional Facility to reduce the length of stay for low-risk offenders.
* Inmate housing supply costs were reduced to FY 1996 levels. Inmates now pay for certain items that were previously provided at no cost to the inmate.
* Probationary staff work 32 hours per week during the first six months of their employment.

**Lease to U.S. Marshal** The DOC leases administrative beds to the U.S. Marshal’s Service, which generates approximately $3.4 million for the General Fund. The DOC does not receive any direct payments from the U.S. Marshal’s Service.

**Substance Abuse Treatment** Director Kautzky indicated that substance abuse treatment funding in CBC District Departments has been reduced by $867,000 compared to two years ago. Most of the funding is dedicated to treatment of offenders convicted of OWI 3rd offense; under-funding this prison-diversion program simply results in more revocations to prison. The Institutions’ substance abuse treatment budgets have been reduced by $1.4 million compared to two years ago. The DOC now has 700 beds dedicated to substance abuse treatment, while approximately 7,000 inmates have been assessed as needing this treatment.

**FY 2003 Budget Reductions** The Director stated the budget reductions resulted in “substantive losses to the DOC" including:

* No treatment programs for probationers in most CBC District Departments.
* Reduced treatment staff in the Institutions and CBC District Departments.
* Reduced funding and an increased number of inmates. In FY 2001, the Institutions held 7,600 inmates while today they hold 8,147 inmates.



**Board Approves Increase** The FY 2003 General Fund appropriation to the DOC is approximately $237.7 million. The FY 2004 budget request was still undergoing refinements at the time of the Board meeting. The Board approved submitting a 9.4% increase to the Governor. If additional funds are available, the Board will request the Governor’s consideration to restore services by a total of 11.4%. Some of the potential requests include:

* Approximately $3.8 million to fund FY 2003 salary adjustment from the General Fund in FY 2004. This is approximately 41.0% of the projected cost in FY 2003.
* Approximately $14.9 million to fully fund FY 2003 salary adjustment costs and eliminate the FY 2003 furlough reduction.
* Approximately $4.3 million to restore revocation reduction staff and programs. This includes probation and parole agents, substance abuse and sex offender treatment, education and the Treatment Alternatives to Street Crimes (TASC) Program in the CBC District Departments. For Institutions, this includes substance abuse and sex offender treatment, vocational education, and cognitive skills programs.
* Approximately $1.9 million for built-in cost increases such as sewer and water rate increases plus funding expired federal grants for treatment programs from the General Fund.
* Approximately $2.1 million to annualize the opening of the Critical Care Unit (CCU) at Fort Madison.

**Director’s Comments** Director Kautzky stated, “For those that want to be tough on crime maybe we ought to have truth in budgeting.” He indicated the request “simply restores funding to match CBC and Institution workload.”

**Next Meeting** Board Chair Suellen Overton commended the Director and wardens for maintaining as safe an environment as possible, stating “What you have been tasked with for this past year has been a mission impossible.” The next Board meeting is scheduled for October 4 in Cedar Rapids.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

State Soil Conservation Committee Holds Meeting

**Committee Meeting** The State Soil Conservation Committee held a meeting on September 12. Chairperson Russ Brandes called the meeting to order.

**Presentations** The following presentations were made:

 Soil Conservation Committee

* Jim Gillespie, Division of Soil Conservation, reported that during the months of July and August there were 1,000 acres enrolled in the Buffer Strip Program and the average monthly enrollment in the previous fiscal year has been 4,000 acres.
* Bill McGill, Division of Soil Conservation, reported the Soil Conservation Districts were notified that there was $1.5 million in cost share funds being reallocated for use in FY 2003. The Division had received seven requests totaling $900,000 so McGill predicted the requests would outnumber the money that is available.
* Dean Lemke, Division of Soil Conservation, reported that there are twelve potential sites for the Conservation Reserve and Enhancement Program (CREP) and that three were close to being finalized. He also reported that $1.1 million of the funding for CREP had been obligated to use as cost share funding for the sites. Lemke reported that the CREP will focus on nitrate removal from waterbodies in Iowa. The Program can also be used to protect land resources and enhance wildlife.
* Bill Ehm, Division of Soil Conservation, reported that he had met with the staff from the Department of Natural Resources regarding the use of the State Revolving Drinking Water Fund. Grant money will be used for projects that improve water quality. Ehm reported that the Department was working with various federal agencies to implement the federal Farm Security and Rural Investment Act. He also reported that the Governor will proclaim November 14 through 20, as Soil Conservation Week.



* Leroy Brown, Natural Resources Conservation Service, reported that the Iowa office will receive $25.0 million to implement various programs under the federal Farm Security and Rural Investment Act. However, no funds were received for technical assistance which has increased the workload for the offices around the State. Brown also talked about the new Partners in Cooperation and the Conservation Innovative Grant Program that are part of the new Farm Bill.
* Jerry Miller, Iowa State University, announced there would be a regional Soil Conservation Conference in Moline, Illinois, on October 7,and encouraged members to attend. He also discussed the World Food Prize Conference that will be held on October 24 and 25 in Des Moines.

**Next Meeting** The next meeting will be October 3 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Quarterly Senior Living Coordinating Unit Meeting Held

**Meeting** The Senior Living Coordinating Unit met on September 20, and conducted the following business:

**Medicaid Elderly Waiver** Michaela Funaro, Department of Human Services (DHS), reported on the number of clients in Assisted Living Programs that are receiving services under the Medicaid Elderly Waiver. There are 151 assisted living programs certified in the State and 56 are eligible to provide personal care services under the Medicaid Elderly Waiver. As of September 2002, 34 assisted living programs were providing these services to 129 clients.

**Rent Subsidy Program** Rose Boccella, DHS, reported on the Assisted Living Rent Subsidy Program. The Program, begun in November 1996, offers monthly rental subsidies to eligible participants that receive services under one of the State’s six home and community-based waiver programs. The Program may also provide a one-time payment of up to $500 to assist persons leaving a medical institution to start their household. The total funding for the Program is $725,000, with $700,000 from Senior Living Program funds and $25,000 from General Funds. The Program is under-utilized and the DHS is soliciting ideas for making eligible persons aware of the Program. As of September 2002, 113 clients were receiving an average monthly payment of $115.





**Task Force Findings** Dr. Stephen Gleason, Department of Public Health, reported on the Governor’s Task Force on the Department of Elder Affairs. Dr. Gleason noted that the findings of the Task Force included that the Department of Elder Affairs should maintain its current mission and continue and strengthen its focus on advocacy. As a result, the Task Force would recommend that all regulatory functions of the Department be transferred, noting that as an advocacy agency, the federal Older Americans Act prohibits the Department from engaging in regulatory matters. In addition, Dr. Gleason reported that the Task Force discussed how to measure performance outcomes and that the Department should seek more support and resources from home and community-based services for seniors.

**Officers Elected** The Senior Living Coordinating Unit nominated and elected officers for the next year. The slate of officers will remain unchanged and includes:

* Jessie Rasmussen, DHS, Chair
* Steve Young, Department of Inspections and Appeals, Vice Chair
* Stephen Gleason, Department of Public Health
* Mark Haverland, Department of Elder Affairs
* Frances Hawthorne, Consumer Member
* Pete Conroy, Consumer Member

**Next Meeting** The next quarterly meeting will be held December 20, 2002.

STAFF CONTACT: Lisa Burk (Ext. 17942) Sam Leto (Ext. 16764)

College Student Aid Commission Meeting

**Commission Meeting** The College Student Aid Commission met on September 17 in Des Moines. Following are highlights of the agenda items:



**Success USA** Commission staff proposed that the Commission enter into a 28E agreement with officials from the opportunities for Success USA charitable foundation. The purpose of the Agreement is to provide private fund raising and support for a scholarship program for youth that have been in foster care. The Commission staff would provide technical expertise regarding student financial aid and a private source would be in charge of the fund raising effort. The Commission voted to table this matter until additional information was received about possible use of the Commission name on fund raising materials. The Commission has funded a scholarship program for foster care youth since FY 2000 utilizing interest earned on default prevention funds. The Commission staff proposed the agreement to replace Commission funding since the funds will not be available in FY 2004 and it is unlikely that State General Fund money will be appropriated for the Program. Since FY 2000, a total of 83 scholarship awards have been made and 28 of the recipients are expected to graduate by May 2006.

**RFP Approved** The Commission reviewed Request for Proposals (RFP) for lender and school review assistance. The federal Higher Education Act requires guaranty agencies to perform biennial audits of lenders and schools participating in the guaranteed student loan program based on loan volume. In Iowa there are 10 lenders that require audits by December 31, 2003. The Commission approved issuing an RFP for audit review services.



**Collection Vendor Contracts** The Commission approved issuance of a Request for Proposals (RFP) for collection services. There are currently four vendors under contracts that expire December 31, 2002. Staff also requested and received authorization from the Commission to expend up to $10,000 for consulting services to evaluate vendor bids. Staff anticipates submitting recommended winning bidders at the November 19 Commission meeting.

**Registration Approved** The Commission approved an amendment to the registration approval criteria to allow input from Iowa colleges and universities that are members of the Iowa Coordinating Council for Post-High School Education.

**Renewal Application** The Commission approved renewal of the Vitterbo College registration application. The College, of LaCrosse, WI, operates in Iowa as Vitterbo University. There are two Iowa offices located in Marshalltown and Des Moines. The University offers continuing education programs and Master of Arts in Education at 36 locations in Iowa.



**Student Loan Program** Staff stated that the federal Loan Program’s resources exceeded expenditures by $2.4 million in FY 2002 and requested permission to expend the excess federal funds as follows during FY 2003:

* $100,000 for staff development.
* $200,000 to expand client services. This includes adding one full-time client services representative.
* $500,000 for e-commerce initiatives.
* $200,000 for research.
* $1.4 million to be held in reserve.

The Commission approved the staff request.

**FY 2004 Budget Request** The Commission approved a formal General Fund budget request of $52.5 million for FY 2004. This is no change compared to FY 2003. However, the Commission also approved recommending the following increases in funding if additional State revenue becomes available:

* $2.7 million for the Iowa Tuition Grant Program.

**FY 2004 **

* $107,000 for the Vocational-Technical Tuition Grant Program.
* $2.7 million to restore the Work-Study Program.
* $100,000 for the Osteopathic Forgivable Loan Program.

If these increases were approved, total funding for the Commission for FY 2004 would total $58.1 million and would represent an increase of $5.6 million (10.7%) compared to FY 2003.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Board of Regents Meeting

**Board Meeting** The Board of Regents met September 18 and 19 at the University of Iowa in Iowa City. Significant agenda items included:



* Reaccreditation Reports. The Board received reaccreditation reports for the College of Engineering at Iowa State University and the University of Iowa Hospitals and Clinics (SUIHC).
* Annual Reports on Academic Program Review/Student Outcomes. The Report provides summary information on 33 academic program reviews, including student outcomes assessments, completed by the universities in 2000-2001.
* Criteria for Institutional Head Searches. The Board gave approval for proposed criteria for institutions searches for the positions of President at the University of Iowa and Superintendent for the Iowa School for the Deaf.
* Report on Organizational Review. In May of 2001, the Board approved a three-phase organizational review of the Board, Board Office and the five institutions and hired MGT of American, Inc., a consulting firm from Tallahassee, FL, to perform Phase I. Phase I of the review consisted of identification of areas to be studied to improve efficiency, effectiveness, and accountability of the Board of Regents enterprise. Phases II and III were to be short-term and longer-term in-depth studies of areas identified in Phase I. Phase II is now complete. This Report reviews the results of Phase II and recommendations for Phase III. The 12 projects within Phase II included:



REPORT

* Reduce the number of Board meetings.
* Review Board approval thresholds for purchasing, contracting, and personnel appointment.
* Streamline instructional program delivery.
* Review revenue enhancement opportunities.
* Review health insurance costs.
* Review purchasing policies and practices.
* Improve reallocation process.
* Streamline the School for the Deaf process for individual education plans.
* Review role and composition of advisory boards.
* Seek modification of State regulatory statutes.
* Review governance reports.

**FY 2004 **

* Monitor athletic programs.
* Operating Appropriations Requests for FY 2004. The Board approved the FY 2004 General Fund budget request. The budget request includes increases for the following:
* Salary funding, including:
* $25.0 million for continuation of salary funding that was provided from a one-time source for FY 2003.
* Full funding of incremental FY 2004 salary needs. No estimate has been determined pending State salary negotiations.



* $5.0 million for SUI, including:
* $2.0 million to restore faculty positions and expand college transition.
* $2.3 million for the Public Health Initiative.
* $0.4 million for economic development.
* $0.3 million for opening new buildings.
* $4.0 million for Iowa State University, including:
* $3.5 million to restore faculty.
* $0.5 million for economic development.
* $2.0 million for UNI to restore faculty positions.
* $300,000 for the Iowa School for the Deaf to add a director of education ($100,000) and for programming and operations at the new recreation complex ($200,000).
* $175,000 for the Iowa Braille and Sight Saving School for restoration of summer services.
* Tuition Policies and Proposed Rates. The Board staff proposed the following increases in resident and nonresident undergraduate tuition and fee rates.

GRADCAP

**Fall 2003 Tuition Proposal**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Resident** | **2002-03**  **Base**  **Tuition** | **2003-04**  **Proposed**  **Tuition** | **Inc.** | **%**  **Inc.** |
| SUI | $ 3,692 | $ 4,342 | $ 650 | 17.6% |
| ISU | $ 3,692 | $ 4,342 | $ 650 | 17.6% |
| UNI | $ 3,692 | $ 4,342 | $ 650 | 17.6% |
| **Nonresident** |  |  |  |  |
| SUI | $13,334 | $14,634 | $1,300 | 9.7% |
| ISU | $12,384 | $13,684 | $1,300 | 10.5% |
| UNI | $10,000 | $11,300 | $1,300 | 13.0% |

**Fall 2003 Tuition and Fees Proposal**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Resident** | **2002-03**  **Tuition**  **& Fees** | **2003-04 Proposed**  **Tuit. & Fees** | **Inc.** | **%**  **Inc.** |
| SUI | $ 4,191 | $ 4,993 | $802 | 19.1% |
| ISU | $ 4,110 | $ 5,028 | $918 | 22.3% |
| UNI | $ 4,118 | $ 4,916 | $798 | 19.4% |
| **Nonresident** |  |  |  |  |
| SUI | $13,833 | $15,285 | $1,452 | 10.5% |
| ISU | $12,802 | $14,370 | $1,568 | 12.2% |
| UNI | $10,426 | $11,874 | $1,448 | 13.9% |

**Below National Average** Even at the proposed levels, tuition and fees at the Iowa Board of Regents Universities will remain below the national average and below the average for the respective university peer groups.

**Gross Tuition Proceeds** The proposed tuition increases are expected to additional gross tuition proceeds of $46.4 million for FY 2004. However, the Board staff recommended that $7.4 million be set aside for student financial aid, leaving the net increase at $39.0 million.

**Final Action in November** Final action on the tuition proposal will not be taken until the November 13-14 Board meeting scheduled at ISU in Ames.

* Report of the Banking Committee. The Committee and Board approved resolutions authorizing the following bond sales:
* $25.0 million of revenue bonds for the Carver Biomedical Research Building project at the University of Iowa (SUI).
* $9.8 million of dormitory refunding revenue bonds for the University of Northern Iowa (UNI).
* Capital Appropriations Requests for FY 2004. The Board approved the FY 2004 capitals appropriation request consisting of $65.7 million for capital improvements and $24.0 million for tuition replacement. The capital improvement request includes the following:
* $14.9 million for fire, environmental safety, and deferred maintenance projects at all five institutions.



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* $15.6 million for Coover Hall at ISU.
* $7.0 million for the electrical distribution loop system at UNI.
* $19.9 million for Phase I of the Chemistry Building renovation at SUI.
* $2.6 million of planning funds for remodeling the Veterinary Teaching/Diagnostic Lab Building at ISU.
* $5.7 million for Phase I of the Science Building renovation at UNI.
* Final Approval of the Five-Year Capital Improvement Plan for FY 2004 – FY 2008. The Board approved the five-year capital improvement plan for State-funded projects totaling $368.7 million. The Board also approved a five-year plan of $158.8 million for the SUIHC to be funded by hospital building use funds and hospital revenue bonds.
* Annual Report on Retirement Programs. The Board approved the annual report and established a present value rate of 1.9% for lump sum payouts under the Early Retirement Incentive Program (ERIP) for FY 2003. Participants in the ERIP may accept the present value of all or part of the incentives available through the Program as a discounted lump sum. The rate has been set at the average of the 90-day and one-year Treasury bonds.

Retirement



The Board offers a Phased Retirement Program and an Early Retirement Incentive Program (ERIP). There were 35 new recipients in the Phased Retirement Program during FY 2002. Through June 30, 2002, 545 faculty and staff have participated in the Phased Retirement Program since it’s inception in 1982, with 109 currently active. Estimated savings as a result of this Program for FY 2002 is $5.5 million.

The Early Retirement Incentive Program expired on June 30, 2002. However, the Board allowed each institution to extend the Program to employees that were eligible on June 30, 2002. All of the institutions agreed to the extension and the eligible employees have until June 30, 2004, to request participation. In FY 2002, 297 employees entered the Program. Of the FY 2002 retirees, 192 were replaced at lower salaries, 34 were not replaced, 19 were replaced at higher salaries, 9 were replaced at the same salary, and searches are underway to replace 43 employees. A total of 2,609 employees have entered the Program since its inception in 1986. Retirees may be in the Program from one to eight years depending on age. The estimated funds available for reallocation during the remainder of the Program based on the current retirees are $19.7 million.

In addition to employees leaving the institutions through early or phased retirement programs, 136 faculty and staff left via regular retirement.

* Annual Report on Energy Conservation. The Board received this Report that includes the following:
* Information on FY 2002 energy usage and costs.
* Addresses institutional plans to continue to control energy costs.
* Provides a status report on implementation of energy conservation measures (projects) identified in the 1989 energy audits.
* Board Meeting as Trustees of SUIHC. Donna Katen-Bahensky was introduced as the new Director and Chief Executive Officer of SUIHC. Ms. Katen-Bahensky began her employment on August 26, 2002, and was previously employed as the Executive Vice President and Chief Operating Officer of the Medical College of Virginia Hospitals and Clinics of the Virginia Commonwealth University Health System in Richmond, VA. Ms. Katen-Bahensky and other SUIHC staff provided the FY 2002 financial report and other statistical data regarding SUIHC operations. The SUIHC had net income (operating margin) of $11.4 million for FY 2002. This is a decrease of $8.6 million (42.9%) compared to the net income for FY 2001. Total patient admissions for FY 2002 were 40,973. This is a decrease of 487 (1.2%) compared to the admissions for FY 2001.

**Next Meeting** The next meeting of the Board is schedule for October 16-17 at the University of Northern Iowa in Cedar Falls.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Meeting of the Healthy and Well Kids in Iowa *(hawk-i*) Board

**Board Meeting** The meeting of the Healthy and Well Kids in Iowa (***hawk-i)*** Board was held on September 16. The agenda included the following items:



* Review of Correspondence and Reports – Anita Smith, the DHS ***hawk-i*** Coordinator, presented several recent articles relating to the Children’s Health Insurance Payment Program (CHIP). This included a report of how various states are making adjustments to their CHIP Program as a result of budget shortfalls. Iowa Health Solutions received Joint Commission on Accreditation of Healthcare Organizations. A Des Moines Register article was discussed regarding possible use of CHIP funding for adults.
* Generic Drug Program Update – Dr. Lee Ding from Wellmark provided an update on the Generic Drug Program implemented July 1, 2002. Based on information provided to the Board, calls from concerned parents and providers continue to be minimal. Generic drugs reached a 60.0% share and the original goal was 90.0%. Dr. Ding now feels that 80.0% is more realistic as the use of many brand name drugs continue to be provided due to exceptions granted.

**Administrator’s Report** Administrator’s Report - DHS Staff provided the following:

* Budget - For FY 2002 a year-end surplus of $2.8 million will carryover to FY 2003. The FY 2002 balance results mainly from children who qualify for the Medicaid Program. For FY 2003, the projected expenditures reflect a $2.2 million surplus which has been utilized in the DHS FY 2004 budget request. The DHS told the Board that the impact of the Health Insurance Portability and Accountability Act has not been factored into the projected expenditures for FY 2003 or FY 2004



REPORT

* Enrollment - The FY 2003 year-end enrollment for children in the ***hawk-i*** Program is projected to be 17,983. Many children are being served by the Medicaid Program which will keep enrollment in the ***hawk-i*** Program from growing as fast as was earlier projected. A chart showing participation of children in the Medicaid Program and the ***hawk-i***Program since 1999 indicates a growth of over 48,000 in the Medicaid Program and 14,000 in the ***hawk-i***Program.
* Proposed Federal Legislation – There are currently two proposals of federal legislation which relate to the federal SCHIP. One proposal would redistribute unused allotments from state’s who have surpluses and give to states who are spending all their allotments. This would negatively affect Iowa as it has a current unspent allotment balance of $65.0 million. The other proposal would help states like Iowa to keep a portion of its unspent allotment for future use. In FFY 2005, the DHS could spend its full annual allotment. The DHS would need the approximately 25.0% state match funds to utilize the unspent allotment. For FFY 2002, the federal allotment to states was decreased by approximately 32.0% ($10.5 million). The FFY 2003 allotments have not been determined as appropriation bills have yet to be approved.

**Covering Kids Program** Covering Kids Update - Staff from the Department of Public Health (DPH) working on the Covering Kids Program provided the Board an update. A taskforce including professionals from several medical and human service arenas have been meeting regarding the wellbeing of children, and will be preparing a report for the next General Assembly relating to its activities.

**Outreach Plan** Outreach Plan - Staff from the DHS and DPH provided the Board with an update of a statewide Grass Roots Outreach Program to be coordinated by the DPH. A formal contract was developed between the two State agencies and presented to the Board for approval. The Board discussed the contract and approved it unanimously. Requirements for subcontracts with current and past contactors of Outreach services were also discussed. The DPH will provide technical assistance to all subcontractors.



**Study Results** Retention and Disenrollment Study - Anita Smith reviewed with the Board the results of a multi-state study conducted by the National Academy for State Health Policy relating to why children lose eligibility or leave the Program. The study provides insight on how states communicate information about the Program, what assumptions parents make about eligibility, and what people think about the services being provided.

**Copy Available** A copy of the study is available from the Legislative Fiscal Bureau.

STAFF CONTACT: Sam Leto (Ext. 16764)

Meeting of the Child Support Advisory Committee

**Advisory Committee** The Child Support Advisory Committee met on September 13 and conducted the following business:

**Report Received** Bureau Chief’s Report: Nancy Thoma, DHS Child Support Recovery Unit (CSRU), updated the Committee on the following items:

* Status of Administrative Rules changes as a result of Executive Order 8.



REPORT

* The national picture relating to child support recovery as part of the Welfare Reform legislation in Congress.
* Annual Performance Report update was discussed with the Committee. Committee members are to review the information and return comments to the chairperson.
* New program to electronically transfer payments to customers and to allow customers to electronically withdraw funds via a debit card process. A news release was issued, administrative rules drafted and the Program is going through the approval process, Request for Proposal has been sent to financial institutions. The target date to start electronic processing is January 1, 2003.

**Subcommittee Updates** The Committee received the following subcommittee updates:

* Public Awareness: Working on updates.
* Policy and Legislation: No report.
* Operations: No report.
* Membership: Motion to select chairpersons and members annually was approved.

**Committee Business** The Committee discussed the following new business:

* Child Support Guidelines Review, which happens every four years, will be in May 2004. Public comment period precedes the process for review by the Iowa Supreme Court.
* Coordination and facilitation of public meetings/forums will be the responsibility of the Operations Subcommittee.

**Next Meeting** The next meeting is November 8. Meeting dates and locations for calendar year 2003 were provided.

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

STAFF CONTACT: Sam Leto (Ext. 16764)

Department of Elder Affairs receives federal funding to develop a Seamless service System for seniors



**Federal Funds** The Department of Elder Affairs will receive $1.5 million in federal funds from the U.S. Administration on Aging to address the complex nature of Iowa’s home and community-based service system for seniors. The funds were earmarked by Congress in the FFY 2002 Labor, Health and Human Services, and Education Appropriations Act.

**Senior Service System** Iowa has several state, federal, and local funding sources, eligibility criteria, and service providers that comprise the service system and the funds will be used to make the system less complex, more cost-effective, and more accessible for seniors.

**First Year of Project** It is anticipated that this will be a three-year project; however, funding for the second and third years will need to be earmarked in future legislation. The first year of the project will focus on:



* Development of an enhanced data management system that allows for protection and confidentiality, while reducing paperwork for clients and the related data entry for service providers.
* Researching and developing proposed system changes that allow for improved service access through resource flexibility within the context of current programs, eligibility criteria, compliance standards, and attempting to target financial resources to best serve those needing services and managing service gaps within the delivery system. As a result, paid professional time and financial resources can be used more productively so that additional seniors can be served with existing resources.

**Second/Third Years** With the receipt of additional funds, the second and third years of the project will focus on:

* The implementation of the re-designed service infrastructure through one or more pilot projects depending on the results of the first year analysis.
* Evaluation of outcomes, including the impact on the customers’ ability to access services and assistance and the reduction of burdens for service providers. In addition, resource planning for system maintenance and enhancement, technical support, evaluation, on-going training, and accommodation of new regulations will be a part of evaluation efforts.

**Funding Match** The $1.5 million award requires a 25.0% match that will come from a combination of cash and in-kind match from the Department of Elder Affairs and other state, federal, and community partners.

STAFF CONTACT: Lisa Burk (Ext. 17942)

IOWA VETERANS HOME CARRIES FORWARD $1.7 MILLION INTO FY 2003



**Veteran’s Home** Section 45 of House File 2623 (FY 2003 Salary, Statutory Changes, and Corrective Changes Act) amended HF 726 (FY 2002 Health and Human Rights Appropriation Act) by adding the following new paragraph:

*Notwithstanding section 8.33, any moneys which exceed the amount budgeted in the fiscal year beginning July 1, 2001, and ending June 30, 2002, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure by the veterans home until the close of the succeeding fiscal year. For the purposes of this paragraph, "moneys" means cash receipts, accruals attributable to the fiscal year beginning July 1, 2001, and ending June 30, 2002, and the amount of the estimated reversions to the general fund, as last agreed to by the state revenue estimating conference during fiscal year beginning July 1, 2001.*

**Retain Cash Receipts** This language would allow the Veterans Home (IVH) to retain any cash receipts above and beyond what it reported to the Revenue Estimating Conference (REC) they estimated to return to the General Fund for FY 2002. When the REC met in March, the Home estimated it would return approximately $30.0 million to the General Fund. The REC then met in May and the Home had to revise its March estimate. In May, two months from the close of FY 2002, the Home reported that it estimated to return approximately $30.2 million to the General Fund. Since the May meeting was the last meeting of the REC for FY 2002, any cash receipts above $30.2 million could be retained by the Home and carried forward to be used until the close of FY 2003. At the close of FY 2002, the Home had generated approximately $31.9 million in cash receipts allowing the Home to retain and carry forward $1.7 million. According to the Veterans Home, the additional unanticipated revenue was generated due to the following reasons:



* Census increased due to the beds being put back on line from the Construction Project in the South Tower in May. The Construction Company was not far enough along to have the beds in the North Tower taken off-line yet.
* Medicaid payments received in May and June reflected the higher per diem rate that went into effect March 1.
* All payments were received timely and in full from the federal Department of Veterans Affairs (earlier in the year, they were not being remitted timely or paying the full amount in one installment).
* The DIA Medicaid audit for the period January 1, 2001, to April 30, 2002, was not performed until after July 1st. In the past, hundreds of thousands of dollars have been refunded. The DIA audit was completed on August 1, 2002, and less than $4,000 will be returned this year.
* The $491,890 Medicaid funds that IVH could use (HF 726, Sec. 7.2(b)) if needed for their operating budget per the Department of Management’s approval, was not spent.

STAFF CONTACT: Russ Trimble (Ext. 14613)

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