

# FISCAL UPDATE

September 8, 2005

## Legislative Services Agency

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

### LOTTERY REVENUES AND EXPENDITURES FOR FY 2005

#### Lottery Rev. & Exp.

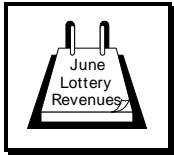


The FY 2005 Lottery game revenues, through the month of June, increased \$1.1 million compared to the same time period in FY 2004. Lottery prize expenses decreased \$1.0 million, operating expenses increased \$5.3 million, and transfers to other State funds decreased \$4.5 million. The following table details FY 2004 and FY 2005 Lottery revenues, expenditures, and balances through June.

#### STATE LOTTERY

July Through June  
(Dollars in millions)

	FY 2004	FY 2005	Increase/ Decrease	% Increase
Fiscal Year Beginning Balance	\$ 1.8	\$ 1.4	\$ -0.4	
Game Revenues	\$ 209.9	\$ 211.0	\$ 1.1	0.5%
Interest	0.5	0.3	-0.2	-43.1%
Total Revenue	\$ 210.4	\$ 211.3	\$ 0.9	0.4%
Prize Expense	\$ 114.5	\$ 113.5	\$ -1.0	-0.9%
Operating Expense	40.6	45.9	5.3	13.0%
Transfer of Profits	55.8	51.2	-4.5	-8.2%
Total Expense	\$ 210.8	\$ 210.5	\$ -0.3	-0.1%
June Ending Balance	\$ 1.4	\$ 2.2	\$ 0.8	



#### Comparison to FY 2004

Fiscal year sales through June, compared to the same time period in FY 2004, were as follows:

- Instant ticket sales increased \$8.0 million (8.4%).
- Pick 3 sales decreased \$134,000 (2.1%).
- Multi-State Powerball sales decreased \$11.7 million (17.8%).

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- Hot Lotto sales increased \$2.7 million (35.3%).
- Freeplay Replay sales decreased \$77,000 (100.0%).
- Pick 4 sales increased \$380,000 (22.9%).
- Daily Game sales decreased \$3,000 (0.1%).
- Pull-tab sales decreased \$1.9 million (7.5%).

**Ticket Sales**

The total FY 2005 Lottery sales were \$211.0 million, an increase of \$1.1 million (0.5%) compared to FY 2004. The FY 2005 sales for Instant Tickets, Hot Lotto, and Pick 4 were above sales for FY 2004.

**Touch Play Machine Sales**

Ticket sales through Monitor Vending Machines began in May 2003 on a trial basis. Monitor Vending Machines had sales of \$1.3 million through June 2005. Touch Play replaced Monitor Vending Machines and had net sales of \$6.4 million through June. The sales amount reported for Touch Play is the amount left after the payment of prizes.

**FY 2005 Est. Transfers**



The April 8 Revenue Estimating Conference (REC) projected FY 2005 Lottery profit transfers to the General Fund would total \$53.1 million. The actual General Fund transfers for FY 2005 were \$50.2 million; therefore, the REC estimated General Fund Lottery transfers would be \$2.0 million (3.6%) lower in FY 2005 than in FY 2004. Through June, the fiscal year transfers to the General Fund were \$5.0 million (9.0%) below FY 2004 and \$2.9 million (5.5%) below the REC estimate for FY 2005.

**FY 2006 Est. Transfers**

The REC also projected FY 2006 Lottery profit transfers to the General Fund will total \$58.4 million at the April 8 meeting, which is \$8.2 million (16.3%) higher than FY 2005.

**Lottery Transfer**

House File 655 (FY 2004 Administration and Regulation Appropriations Act) required the Lottery to deduct \$500,000 from calculated retained earnings before making Lottery proceeds transfers to the General Fund during FY 2004. This was a continuation from FY 2003, and the impact was a one-time increased transfer of \$500,000 during FY 2003. The requirement was not continued for FY 2005, resulting in a one-time decreased transfer of \$500,000.

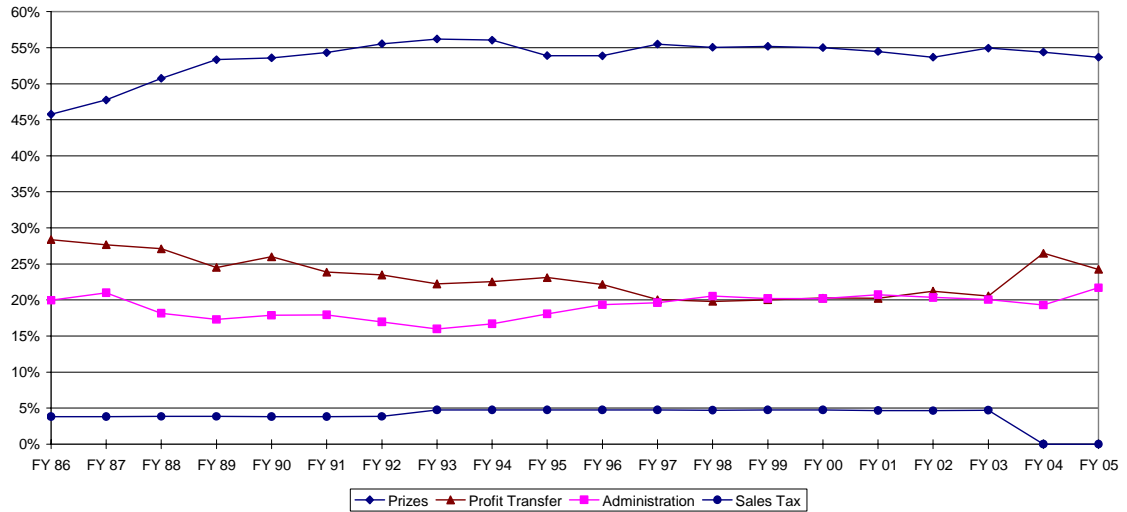
**Unclaimed Prizes**

The proceeds transfers for FY 2004 included \$840,000 from unclaimed Free Play Replay prizes and \$498,000 from unclaimed Powerball prizes.

**Expenditures**

The following chart shows how an average dollar expended on a lottery ticket in Iowa was used. For FY 2005, 53.7% was returned to the players as prizes, 21.7% was used to administer the Lottery (including retailer and vendor compensation), 4.6% was transferred to the State as sales tax, and 24.2% was transferred to the State as profit. Percentages do not add to 100.0% due to changes in the Lottery's ending balance. Sales tax transfers do not equal 5.0% due to the inclusion of interest and fees in the revenue amounts. The 2003 legislation that transformed the Lottery into the Iowa Lottery Authority also mandated that, as of July 1, 2003, the Lottery no longer classify a portion of proceeds as sales tax.

Lottery Expenditures as a Percent of Revenue



**More Information**

Additional information is available from the Legislative Services Agency (LSA) upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

**MEDICAID ESTIMATES FOR FY 2005 AND FY 2006**

**Medicaid Projections**

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on August 26 to discuss estimated expenditures for the Medical Assistance (Medicaid) Program for FY 2005 and FY 2006. The three staffs meet monthly to discuss estimated expenditures for the current fiscal year and to agree on a range for expenditures.

**FY 2005 Surplus**



Senate File 342 (FY 2005 Supplemental Appropriations Act) included a FY 2005 supplemental appropriation of \$70.0 million for Medicaid. The current estimated range is a surplus of \$0.0 to \$5.0 million for FY 2005. Of the \$629.0 million in State funds appropriated for Medicaid in FY 2005, \$5.0 million is 0.8%. The previous range was a deficit of \$3.0 million to a surplus of \$3.0 million. As the fiscal year comes to a close, each set of Medicaid payments changes the year-end estimate as the margin for error decreases. Increases in pharmaceutical rebates and a minor delay in claims processing were factors not included in the previous range.

**Remaining Medicaid Funds**

The DHS plans to use a portion of the FY 2005 Medicaid surplus to cover \$900,000 in estimated expenses that remain due to HF 727 (FY 2002 Mental Health Services Act), which eliminated county responsibility for some disputed State billings for services.

In addition, the LSA was notified by the Department of Management on August 17 of a plan to transfer up to \$2.6 million to the Indigent Defense Program within the Department of Inspections and Appeals, the Department of Civil Rights, and the Law Enforcement Academy. The DHS was identified as one of the potential agencies that could provide surplus funds as part of

the transfer. The LSA will receive these funding sources and respective amounts for the transfer when FY 2005 expenditures for all departments are finalized.

Any reversion from Medicaid will be transferred to the Senior Living Trust Fund pursuant to Section 169 of SF 2298 (FY 2005 Omnibus Appropriations Act). This could decrease the FY 2007 General Fund built-in cost for the amount needed for Medicaid that is currently appropriated from the Fund. Beginning in FY 2007, the Senior Living Trust Fund will not have an adequate balance to fund Medicaid at the current level.

### **FY 2006 Deficit**



House File 825 (FY 2006 Health and Human Services Appropriations Act), as amended by HF 882 (FY 2006 Standing Appropriations Act) and HF 841 (IowaCares Medicaid Reform Act), includes total State funding of \$704.4 million for Medicaid for FY 2006. It was discussed during the 2005 Legislative Session that this level of funding is not likely sufficient to fully fund Medicaid and a shortfall is anticipated. The three staffs agreed to an estimated shortfall range of \$43.0 million to \$61.0 million for FY 2006. This is compared to the previous range of a shortfall of \$30.0 million to \$45.0 million. The shortfall estimate includes the following assumptions:

- Enrollment growth of 5.0% to 6.4%. The FY 2006 appropriation is based on a 3.5% enrollment growth. This difference results in increased expenditures of between \$10.0 million and \$20.0 million. Enrollment growth was 5.8% for FY 2005. Enrollment into the IowaCares Program may increase enrollment into Medicaid.
- An estimated net cost of \$12.4 million due to provisions included in HF 841 (IowaCares Medicaid Reform Act).
- A shortage of \$6.4 million due to the FY 2005 supplemental not being fully incorporated into the FY 2006 appropriation.
- Items where savings were assumed but the corresponding statutory changes were eliminated totaled \$3.1 million, including \$1.0 million for Pay and Chase, \$101,000 for a technical adjustment, and \$2.0 million for a reduction in HF 882.
- Funds to pay for a settlement pending with the federal Centers for Medicare and Medicaid Services (CMS) related to financial audits of the Adult Rehabilitative Option (ARO) service providers. The CMS Report included findings against the State and providers of approximately \$6.0 million, which is required to be repaid to the federal government. This would be an additional cost to Medicaid, which was not included in the FY 2006 appropriation.
- Funds to pay for an anticipated federal Medicare Part D Drug Benefit woodwork effect that are greater than earlier anticipated.
- Funds to pay for a small amount of FY 2005 claims not processed before August 26, 2005, that will be paid from the FY 2006 appropriation.

### **Waiver Waiting Lists**



House File 825 also included an increase of \$6.0 million to eliminate the Home and Community-Based Services Waiver waiting lists. Since the Waivers are not considered an entitlement, this would typically be delayed due to the shortfall in Medicaid. Legislative intent, however, was clear that this funding be allocated to waiting lists despite the known supplemental need.

The DHS has initiated the process for providing waiver services for those who have been on the waiting list. In January 2005, it was estimated that \$6.0 million was needed to eliminate the waiting lists at that time. Since the waiting lists may have increased, or costs may have changed, the \$6.0 million may not fully eliminate waiting lists. In addition, the intent was not that waiting lists be eliminated in total going forward. The \$6.0 million will be used to add as many as possible; then, as new people become eligible, they will be added to the waiting list.

#### Other Issues

Payments to the Iowa Veterans Home are required to be adjusted due to enacted federal legislation, effective November 2004. This was not included in the FY 2005 estimated range or the FY 2006 appropriation.

The federal action anticipated as a result of the enacted multi-year budget has not been adopted, although reductions in federal payments for nontraditional Medicaid services, such as Adult Rehabilitative Option (ARO) and Rehabilitative Treatment Support Services (RTSS), for FFY 2006 are possibilities.

#### Next meeting

At the next meeting scheduled for September 26, the FY 2007 built-in estimates will be discussed, in addition to the FY 2006 shortfall and the final FY 2005 expenditures. The DHS will issue the Department's FY 2007 budget requests prior to this meeting for action by the Council on Human Services on September 14.

#### More Information

Additional information is available from the LSA upon request.

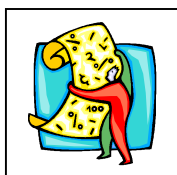
STAFF CONTACT: Sue Lerdal (Ext. 17794)

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### MENTAL HEALTH REDESIGN SEMI-ANNUAL REPORT

#### Report Issued

The Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Commission issued the Semi-Annual Report related to the adult and children redesign process, as required in Section 225C.6A, Code of Iowa. The Report reviews the following items:



- Description of the Adult Redesign Effort.
- Redesign Benefits for Adults with Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Needs.
- Progress on Adult System Redesign since January 2005.
- Description of the System Design Effort for Children.
- System Design Benefits for Children.
- Progress on System Design for Children with Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Needs since January 2005.
- Next Steps.

**More Information**

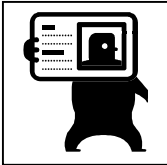
A copy of the Report may be accessed on the LSA web site at:  
[http://staffweb.legis.state.ia.us/lsadocs/SC\\_InterimDocs/2006/SISLL002.PDF](http://staffweb.legis.state.ia.us/lsadocs/SC_InterimDocs/2006/SISLL002.PDF).  
Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**WARNING OF JURY DUTY SCAM**

**Identity Theft**



The State Court Administrator is warning citizens of a scam involving false information regarding jury duty. People are receiving phone calls informing them they failed to report for jury duty. The callers then ask people to disclose personal information, such as social security numbers or credit card numbers to verify the notice of jury duty. As of yet, there have been no incidents in Iowa; however, Arizona, Illinois, Michigan, Minnesota, Ohio, Oregon, Pennsylvania, Texas, and Washington have reported incidents. The State Court Administrator advises citizens who receive this type of call to hang up and call police. If anyone has questions regarding jury duty, they should contact their local clerk of court office.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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**DEPARTMENT OF CORRECTIONS – FY 2005 REALLOCATIONS**

**Reallocation of Funds**



The Fiscal Services Division of the LSA received notification of a change of allocation within the Department of Corrections (DOC). The DOC is reallocating \$120,000 to the County Confinement Account, which reimburses counties for holding parole and work release violators pending revocation hearings. The funds will be transferred out of the Fort Madison, Anamosa, Oakdale, Newton, and Rockwell City Correctional Facilities, as follows:

- Iowa State Penitentiary at Fort Madison – \$30,000.
- Anamosa State Penitentiary – \$20,000.
- Iowa Medical Classification Center at Oakdale – \$50,000.
- Newton Correctional Facility – \$15,000.
- North Central Correctional Facility at Rockwell City – \$5,000.

**Further Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**AUDIT REPORT – DEPARTMENT OF NATURAL RESOURCES**

**Audit Report**

The LSA received a copy of the State Auditor's FY 2004 Audit Report for the Department of Natural Resources (DNR). The Report included the following findings related to statutory requirements:

**Hazardous Waste Mgmt.**

Section 455B.412(1), Code of Iowa, requires the DNR to develop comprehensive plans for the State related to the management of hazardous waste. No plans have been developed. The Department responded that the federal government currently administers the Program.

**Water Quality Program**



Section 455E.8(10), Code of Iowa, requires the Department to develop water quality educational programs for students in grades seven and eight in consultation with the Department of Education and the Department of Environmental Education at the University of Northern Iowa. The programs have not been developed. The Department responded that they work closely with educators across the State to develop water quality educational programs.

**Groundwater Monitoring**

Section 455E.8, Code of Iowa, requires the Department to develop a comprehensive groundwater monitoring network in cooperation with other agencies. The DNR has not developed this network. The Department responded they are in the process of developing a network.

**Building Energy Rating**

Section 473.40, Code of Iowa, requires the Department to adopt a statewide building energy efficiency rating system. The Department has not developed rules establishing this system. The DNR responded that there is no funding for the rating system, and the Department will propose the elimination of this Section during the next legislative session.

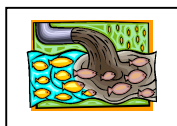
**Hazardous Waste Proposals**

Section 455B.484(11), Code of Iowa, requires the Department to solicit proposals from public and private agencies for hazardous waste research and for the development of storage, treatment, and management of hazardous waste. The Department has not solicited proposals. The Department responded that the federal government currently administers the program, and the Department will propose elimination of this Section during the next legislative session.

**Compliance Advisory Panel**

Section 455B.150, Code of Iowa, states the Department will create an Advisory Panel to review the effectiveness of the Small Business Technical Assistance Program; however, there is no panel. The Department responded that the Legislature has not made assignments to the Advisory Panel, but the Department will continue to request panel members.

**Hazardous Waste Listing**



Section 455B.464, Code of Iowa, requires the Department to compile a listing of additional hazardous wastes to be adopted by the Environmental Protection Commission (EPC). The DNR has not compiled the listing. The Department responded that recommendations are made to the EPC when the federal Environmental Protection Agency adds new items to the federal listing. The Department will propose elimination of this Section during the next legislative session.

**More Information**

A copy of the Audit Report may be accessed on the following web site at: <http://publications.iowa.gov/archive/00002759/>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**COMMISSION ON COMMUNITY ACTION AGENCIES MEETING**

**Commission Meeting**

The Commission on Community Action Agencies (CAAs) met on August 19.

**Director's Report**

Bill Brand, Department of Human Rights, provided the following information:

- Community Services Block Grant (CSBG) – The federal funding level for FFY 2006 is currently unknown; however, the President is not recommending CSBGs



be funded for FFY 2006. The House approved \$320.0 million, which is approximately half of the FFY 2005 appropriation level. A Senate Committee is recommending \$636.0 million, which is the FY 2005 appropriation level. The federal Government Accountability Office (GAO) will be studying states' CSBG expenditures.



- Food Assistance Outreach and Enrollment – In partnership with the Department of Human Services (DHS), local CAAs will provide outreach and enrollment of eligible families. It is estimated that 100 new families may be added to the Food Assistance Program, which could provide an estimated \$4.3 million in additional federal funds to the State. The local CAAs are also working with the DHS to obtain federal match for administration related to these outreach efforts.
- Headstart Program – The local CAAs provide services to children and families through the federal Headstart Program using federal funds they apply for each year. To assist with collaborations and networking of local services in the Program, a new federal grant of \$400,000 has been awarded to the Department of Education to be used in collaboration with the Division of Community Action Agencies, Department of Human Rights, and the local CAAs that have Headstart Programs.

### **Bureau Reports**

The following Bureau reports were provided:

- Jim Newton, Weatherization Bureau, reported on FFY 2006 funding levels. Both the House and Senate are proposing \$240.0 million in federal Department of Energy funds, which is an increase of \$12.0 million compared to FFY 2005. Mr. Newton also discussed changes to the evaluation program. Polk County will be conducting the evaluations in the City of Des Moines, and Red Rock will cover three counties previously conducted by the City of Des Moines. Mold spore sampling is an issue that is impacting the Weatherization Program. A meeting with national experts and local contractors is scheduled for October 5 to discuss the issue and make recommendations. There are also concerns about lawsuits that would impact weatherization efforts.
- Greg Pieper, Community Services Bureau, discussed the draft of the CSBG State Plan for FFY 2006 and FFY 2007. The Plan assumes funding and expenditures of \$6.9 million. The Commission discussed the need to add additional costs for inflation and other expected cost increases to the administration expense budget. The FFY 2006 CSBG State Plan was approved by the Commission.
- John Burnquist, Energy Assistance Bureau, reported on the FFY 2006 Low Income Home Energy Assistance Program (LIHEAP) federal funding level. The Senate proposes a total of \$1.8 billion, plus \$300.0 million for contingencies. The House proposes \$2.0 billion and no contingency funds. The FFY 2005 LIHEAP total funding level was \$1.8 billion, plus \$300.0 million in contingency funds. Iowa's FFY 2005 share was \$38.0 million. The LIHEAP State Plan for FFY 2006 was approved by the Commission.



### **FaDSS Program**

Janet Gartin, Lorie McCormick, and Tim Fitzpatrick provided an overview of the Family Development and Self-Sufficiency (FaDSS) Program and the collaboration efforts with the DHS, the FaDSS Council, PROMISE Jobs offices, the Division, local CAAs, and other organizations. The Commission had questions regarding funding, return on investment, capacity served, waiting lists, success rates, and recidivism. The Division staff provides technical assistance and conducts evaluations of workplans. Additional information regarding the FaDSS Program may be accessed on the web site at: [www.iowafadss.org](http://www.iowafadss.org).



**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

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**WATERSHED IMPROVEMENT REVIEW BOARD MEETING**

**Watershed Meeting**



The first meeting of the Watershed Improvement Review Board was held on August 22 in Des Moines. The Board was created by SF 200 (Agriculture Powers, Duties, and Watershed Improvement Act). The Board is responsible for the following:

- Award local watershed improvement grants and monitor the progress of the projects awarded.
- Assist with the development of monitoring plans for local watershed improvement projects.
- Review monitoring results before, during, and after completion of a local watershed improvement project.
- Review costs and benefits of mitigation practices utilized by a project.
- Submit an annual report to the Governor and the General Assembly regarding the progress of the Board.
- Obtain technical assistance and expertise from outside organizations.
- Develop and adopt Administrative Rules.

**Project Funding**



House File 882 (FY 2006 Standing Appropriations Act) appropriated \$5.0 million from the Underground Storage Tank (UST) Fund to the Watershed Improvement Fund for FY 2006. Grant funding will focus on:

- Enhancement of the State's water quality through the completion of locally-directed watershed improvement grants projects.
- Improving the management and use of water in the State for the purposes of drinking, agriculture, recreation, sport, and economic development.
- Ensuring public participation to determine water quality improvement priorities related to agricultural runoff and drainage, stream bank erosion, municipal discharge, stormwater runoff, unsewered communities, industrial discharge, and livestock runoff.

**Board Members**

The Watershed Improvement Review Board members include:

- Senator Dennis Black, Jasper County
- Representative Sandy Greiner, Washington County
- Representative Dolores Mertz, Kossuth County
- Mark Rosenbury, Agribusiness Association of Iowa
- Jolee Belzung, Iowa Association of Water Agencies
- Susan Heathcote, Iowa Environmental Council
- Lea Maass, Iowa Farm Bureau



- Marcia Dudden, Iowa Pork Producers
- Kevin Jacobson, Iowa Rural Water Association
- John Hoffman, Iowa Soybean Association
- Deb Ryun, Soil and Water Conservation Districts of Iowa
- Jeff Bergman, Iowa Association of County Conservation Boards
- Jim Gillespie, Department of Agriculture and Land Stewardship
- Bernie Hoyer, Department of Natural Resources
- A Senator to be appointed by Senate Republicans

**Actions Completed**

The Board elected Kevin Jacobson as Chair and Jolee Belzung Vice Chair. The Board also approved Administrative Rules that govern the Watershed Improvement Board.

**More Information**

The next meeting is scheduled for October 10 in Des Moines. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**IOWA LEARNING TECHNOLOGY COMMISSION MEETING**

**Commission Meeting**



The first meeting of the Iowa Learning Technology Commission was held on August 26 in Des Moines. The meeting was facilitated by Department of Education staff, and the Commission agreed to postpone election of officers until the next meeting. After introductions, Rep. Carmine Boal, an ex officio member, discussed the legislative intent in establishing the Commission and expressed her hope that the grants could be awarded by January 1. She noted that the State funding of \$500,000 is for one year only, but successful pilot projects could lead to the appropriation of additional funds in future years.

**Technology Survey**

John O'Connell, Department of Education, explained a survey recently completed by the Department's Technology Advisory Committee to assess the degree of technology use and integration in the curriculum throughout Iowa schools. The survey was sent to 209 randomly selected schools. At each building, the principal, the instructional technology support person, and five teachers were asked to complete the survey. Mr. O'Connell cited several examples of data collected and compared results to an earlier study. He said that the data will be used to help the Commission in its work.

**Grant Award Process**

Jeff Berger, Department of Education, presented three proposals for structuring the grant award process. The first two proposals would allow the Department, with help from the Urban Education Network and the Area Education Agencies, to review the grant proposals submitted and rank them according to established criteria before forwarding them to the Commission for consideration. The third proposal would involve trained external reviewers, who would make recommendations to the Commission. Mr. Berger noted that the third proposal would be more costly, thus reducing the amount of funds available for grant awards. By the end of the meeting, there was consensus that external reviewers would not be necessary.

**Scoring Criteria**



Mr. Berger also presented sample scoring criteria for grant applications, based upon the guiding principles provided in HF 739 (Learning Technology Act). Commission members discussed the criteria and suggested revisions. There was discussion of how many projects to fund and whether to fund all of them equally or allow flexibility, depending upon the proposals received. Department staff will revise the grant award process proposal and the proposed scoring criteria, based upon the Commission's discussion, and bring those to the next meeting for further discussion and final approval.

**More Information**

The next meeting is scheduled for September 23. Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

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**IOWA EMPOWERMENT BOARD MEETING**

**Board Meeting**

The Iowa Empowerment Board met on August 19 in Des Moines. The Board discussed the FY 2007 budget process, and it was noted that the budget request for Community Empowerment will be divided into several offers, based upon appropriation subcommittees.

**Tuition Assistance**



Shanell Wagler, Office of Empowerment, explained the recent controversy over guidelines for the expenditure of \$4.6 million in funding for low-income preschool tuition assistance. The guidelines included criteria for local Empowerment areas to use in awarding the funds to preschool programs. The criteria, approved by the Board at a previous meeting, were intended to direct funding to those programs that meet or are willing to work toward meeting certain quality standards, including, but not limited to, national accreditation.

**ARRC Meeting**

The Palo Alto-Kossuth Community Empowerment Area (PAK) petitioned the Administrative Rules Review Committee (ARRC) to address concerns that the preschool tuition assistance criteria were too restrictive. At the August 10 meeting of the ARRC, representatives of PAK said the criteria would prevent continued funding of many local preschool programs. Several members of the ARRC expressed concern that the criteria exceeded the legislative intent expressed in HF 816 (FY 2006 Education Appropriations Act), where the funding was appropriated. The ARRC asked the Empowerment Board to reconsider the criteria and encouraged the Board to promulgate formal rules.

Ms. Wagler explained that it is the Empowerment Board's intent to apply the criteria in a flexible manner. In subsequent discussions with PAK, it was determined that all of the currently funded preschool programs would meet the criteria for continued funding. The Office of Empowerment is in the process of promulgating formal administrative rules related to these funds. The Board discussed the possibility of rearranging the list of criteria to better reflect the intended flexibility and alleviate concerns among the local boards.

The guidelines for the preschool tuition assistance are available on the Community Empowerment web site at:  
[http://www.empowerment.state.ia.us/common/pdf/kit\\_tools/toolcc\\_A.pdf](http://www.empowerment.state.ia.us/common/pdf/kit_tools/toolcc_A.pdf).

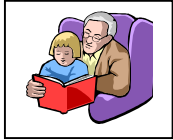
**Incentives Study**

Kathleen Larson, Iowa State University, presented the plan for the Iowa Child Care Workforce Retention and Recruitment Study that began August 1 and will conclude December 31. House File 761 (Early Childhood Policy and Tax

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Credit Act) required the Empowerment Board to conduct a study of incentives that can be made available to persons who provide early care and child care. A final report is due to the Governor and General Assembly by December 16.

**Grandparents Association**



John Calhoun, Polk City, a citizen representative on the Empowerment Board, explained a private venture he and his family have begun called the Iowa Grandparents Association. They have a web site under construction at [www.iowagrandparents.com](http://www.iowagrandparents.com) that will offer information and opportunities for grandparents to become involved in supporting and advocating for quality early childhood services. The site will collect membership fees, the proceeds from which will be donated to several early childhood programs, including Community Empowerment. The Board discussed the need to confirm that Empowerment is authorized in statute to accept such donations and to amend the statute, if necessary.

**Professional Development**

Ms. Wagler presented draft guidelines for expenditure of \$1.0 million in funding for high-quality professional development for child care and preschool providers. The Board discussed the proposed guidelines, as well as a draft of performance measures to be used to determine that the funds were spent appropriately. House File 816 required that the local boards use the funds to work with Area Education Agencies and community colleges to ensure access to professional development. The Board approved the guidelines and performance measures with a few minor changes.

**More Information**

The next meeting is scheduled for September 9 in Council Bluffs. Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

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**MEDICAL ASSISTANCE PROJECTIONS AND ASSESSMENT  
COUNCIL MEETING**

**Council Meeting**



The first meeting of the Medical Assistance Projections and Assessment Council was held on August 31. The Council was created in HF 841 (IowaCares Medicaid Reform Act). The agenda included:

- An overview of the IowaCares Program by the Department of Human Services (DHS).
- An update on the federal Medicare Part D Prescription Drug Program by the DHS.
- An update of the Iowa Collaborative Safety Net Provider Network by the Department of Public Health.
- A review of the University of Iowa Hospitals and Clinics portion of the IowaCares Program as a provider.
- A presentation by the Broadlawns Medical Center regarding the IowaCares Program as a provider.

**More Information**

The members decided to meet more than quarterly. The next meeting was not scheduled, but will be available on the LSA web site at: <http://www.legis.state.ia.us/> Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Patty Funaro (Ext. 13040)

## MENTAL HEALTH/MENTAL RETARDATION/ DEVELOPMENTAL DISABILITIES/BRAIN INJURY COMMISSION MEETING

**Commission Meeting**

The Mental Health, Mental Retardation, Developmental Disabilities, Brain Injury Commission met on August 18. Significant agenda items included:

- A presentation regarding dual diagnosis of substance abuse and mental health and implementation of Evidence Based Practices for funding from the Community Mental Health Services Block Grant allocation.
- Information from a Governor's Policy Advisor regarding a results-based process for additional mental health funding being requested in FY 2007.
- Approval of various accreditation requests for mental health service providers.
- Editing of the proposed Semi-Annual Report to the General Assembly regarding the Mental Health Redesign Process for adults and children, which may be accessed on the web site at: [http://staffweb.legis.state.ia.us/lsadocs/SC\\_InterimDocs/2006/SISLL002.PDF](http://staffweb.legis.state.ia.us/lsadocs/SC_InterimDocs/2006/SISLL002.PDF).
- Plans for a September 14-15 retreat to review provided services, system disparities, and outcomes.

**More Information**

The next meeting will be the retreat on September 14-15, which is also a public meeting. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

## SENIOR LIVING COORDINATING UNIT MEETING

**Unit Meeting**

The Senior Living Coordinating Unit met on August 19.

**New Members**

Director Haverland, Department of Elder Affairs, introduced two new Unit members, Kumsan Song and Bob Welsh.

**Legislator Report**

Senator Ragan reported that the first public meeting to discuss the Medicaid IowaCares Program will be held on August 31 at the Capitol.

**Future Meetings**

Future meeting dates for 2006 were scheduled for the third Friday of the months of February, April, June, August, October, and December.

**Long-Range Plan**

The Unit delayed final action on the long-range plan for Long-Term Care. Bob Welsh offered suggestions for reorganizing the existing plan draft, and progress will be discussed at the October meeting.

**SLP Update**

The following updates were provided on the Senior Living Program:



- Carla Pope, Iowa Finance Authority, provided information on revolving loan funds provided from the Senior Living Trust Fund, as well as the Assisted Living Rent Subsidy Program. Ms. Pope reported that the Authority receives approximately 30 applications per month for the Assisted Living Rent Subsidy Program, which is currently providing subsidies to 433 participants. The Program loses about 10 participants per month due to attrition, but there is currently a waiting list of 57.
- Lisa Burk, Legislative Services Agency, provided an update on Senior Living Trust Fund projections. Currently, it is estimated that the Fund will have a balance of \$31.1 million at the close of FY 2006. There may be changes to this estimate after the official close of FY 2005; however, any change is not expected to be significant.

**Other Reports**

Information on the following topics was also provided:

- Eileen Creager, Department of Human Services (DHS), reported that the Department is working on hiring a Coordinator for the Program for All-Inclusive Care for the Elderly (PACE). House File 825 (FY 2006 Health and Human Services Appropriations Act) appropriated \$30,000 to the DHS for this purpose. Ms. Creager also explained that the Governor signed Executive Order 43 on July 4, which required the DHS to meet and promote discussions between union representatives and personal assistance providers for cash and counseling services. If 51% of these workers wish to be unionized, they will be covered under the State employee union contract.
- Director Haverland, Department of Elder Affairs, provided the home and community-based service and unmet needs reports, noting that the annual report covering all months in FY 2005 is expected to be available at the October meeting.

**More Information**

The next meeting is scheduled for October 21. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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