

DEPARTMENT OF PUBLIC HEALTH REQUESTS FUNDS FROM EXECUTIVE COUNCIL FOR PANDEMIC INFLUENZA PREPAREDNESS ANTIVIRAL PURCHASE

DPH Request

The Department of Public Health submitted a request to the Executive Council for \$4.8 million on July 31 to cover costs associated with the purchase, storing, and distribution of antiviral treatment courses associated with the prevention and treatment of pandemic influenza.

Statutory Authority



The Department has the authority to request funds for such purchases through the Executive Council pursuant to Section 7D.29, Code of Iowa, which was amended by HF 2797 (FY 2007 Standing Appropriations Act), giving the Department this authority. If approved, the funds will be paid from General Funds not otherwise appropriated.

Vaccine Purchase

The Department will use the funds to purchase 308,887 courses of the antivirals Tamiflu and Relenza to cover 25.0% of Iowa's population. A 25.0% federal subsidy reduces the cost of the vaccine for the State to \$4.6 million. An additional \$246,000 will be used for storage, planning, distribution, and maintenance of the antivirals, which are expected to have a shelf life of five years.

Fiscal Impact

After the initial \$4.8 million cost, the Department estimates annual on-going costs of \$188,000 for storage facility rental, monitoring, administration, equipment, and travel.

Council Decision



The Council is expected to vote to approve or deny the request on August 14. Section 7D.29, Code of Iowa, as amended by SF 2273 (FY 2006 Supplemental Appropriations Act), requires the Legislative Services Agency (LSA) be notified at least two weeks prior to the Executive Council's approval of a payment authorization and be provided with justification for the request. The LSA received notification on July 28.

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More Information

Additional information is available from the LSA upon request.

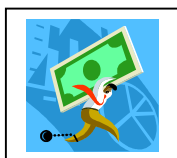
STAFF CONTACT: Lisa Burk (Ext. 17942)

MEDICAID FORECAST FOR FY 2006 AND FY 2007

Medicaid Forecast

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on July 28 to discuss estimated Medical Assistance (Medicaid expenditures for FY 2006 and FY 2007). The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current fiscal year.

FY 2006



House File 825 (FY 2006 Health and Human Services Appropriations Act), as amended by HF 882 (FY 2006 Standing Appropriations Act), HF 841 (IowaCare Medicaid Reform Act), HF 2347 (Health Care Transformation Account Act), and HF 2734 (FY 2007 Health and Human Services Appropriations Act), included total State funding of \$742.8 million for Medicaid for FY 2006. This included a \$19.0 million supplemental appropriation provided in HF 2734. The three staffs agreed to an estimated surplus range of \$1.0 to \$10.0 million for FY 2006. The estimate includes the following:

- A 3.4% increase in average enrollment over FY 2005.
- An estimated average cost of \$2,500 per member per month for FY 2006.

FY 2007

House File 2734 included total State funding of \$759.2 million, which is not likely to fully cover Medicaid costs in FY 2007. For FY 2007, the three staffs agreed to an estimated shortfall of \$25.0 million to \$51.0 million, with a midpoint of \$38.0 million compared to the FY 2007 appropriation.

The total State funding for Medicaid in FY 2007 is an estimated increase of between \$41.4 and \$67.4 million compared to estimated FY 2006. This includes the following costs and assumptions:



- An estimated \$22.2 million due to enrollment increases.
- An estimated \$7.0 million to fund an estimated 1.0% in the medical inflation rate.
- \$1.0 million to annualize the increased cost of Medicare buy-in due to increased Medicare premiums.
- \$2.0 million to annualize the cost of the Medicare Part D woodwork effect.
- \$25.0 million to fund additional costs due to the Federal Medical Assistance Percentage (FMAP) decreasing from 63.61% to 61.98%.
- \$17.7 million to fund a 3.0% provider rate increase.
- \$1.4 million to fund an increase in the personal needs allowance from \$30 to \$50 per month for residents of nursing facilities.
- \$1.0 million to fund Medicaid for children aging out of the foster care system up to age 21.
- \$250,000 to fund a matching grant for the Iowa Health Care Collaborative.

- \$13.5 million in various savings related to the Iowa Medicaid Enterprise, the Medicaid Family Planning Waiver, and the federal Deficit Reduction Act of 2005.

Deficit Reduction Act

The President signed the Deficit Reduction Act (DRA) of 2005 on February 8, 2006. It is estimated that the federal changes will not dramatically impact Iowa Medicaid; however, administrative rules must be adopted at the federal level before exact impacts can be estimated.

Citizenship Requirement



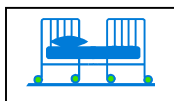
One item expected to have an impact is a requirement that citizenship be verified during the Medicaid eligibility determination process. The federal Department of Health and Human Services has issued a list of acceptable documents, procedures for obtaining an affidavit when no documentation is available, and specific exemptions. The Iowa DHS plans to coordinate with the Department of Public Health to assist Medicaid applicants with obtaining the required documents. The DHS also plans to assume any expense associated with an applicant obtaining a birth certificate and will apply to the federal Centers for Medicare and Medicaid Services (CMS) to match this expense.

The DRA also included opportunities for new flexibility in State Medicaid Programs. The federal CMS is currently rolling out implementation details for the new initiatives. Choosing to take advantage of the DRA provisions will likely impact the Medicaid budget.

State Plan Amendment

The DHS is currently working on revised rules to implement a State Plan amendment submitted to the federal CMS designed to bring Iowa into closer compliance with CMS regulations. The potential fiscal impact of these changes is not yet known but will be another factor impacting Medicaid expenditures in FY 2007 and beyond.

Bed Days



Bed days in nursing facilities for FY 2006 are projected to be approximately 3.0% below FY 2005 levels. The FY 2006 nursing facility funding cap assumed a 1.0% decrease in bed days; therefore, it is estimated that nursing facilities will not expend the full amount contained under the FY 2006 cap. The facilities have requested that rates be adjusted to expend all funds up to the cap. Although a surplus in Medicaid would mean that funding may be available, this expenditure was not included in the FY 2006 supplemental appropriation.

The DHS plans to adjust FY 2006 rates to allow nursing facilities to spend the capped amount. The increase must be approved by the federal CMS in order to receive federal matching funds and may not be approved before the State budget books close on September 1. House File 2734 included an inflation adjustment of \$1.0 million for nursing facilities. This increase is also currently pending CMS approval. If it appears possible that these increases will not be approved by the CMS, the DHS will likely not be able to fund them.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

GASOLINE TAX INCREASE FOR FY 2007

Gasoline Tax Increase

The tax rate for gasoline increased from 20.7 cents per gallon to 21.0 cents per gallon on July 1, 2006. The tax rate for E-10 remains at 19.0 cents per gallon, while E-85 is taxed at 17.0 cents per gallon. All three tax rates will be effective through June 30, 2007.

Background

House File 716 (FY 2002 Ethanol Sales Promotion Act) provided for changes in fuel tax rates based on the gallons of ethanol-blended gasoline sold in the State between January 1 and December 31 of each year. The rates apply for the period beginning the following July 1 and ending June 30 in the year thereafter. The Act allows the tax rates to change each July 1, depending on the percentage of ethanol-blended gasoline sold during the previous calendar year (CY).

Tax Schedule

The following tax schedule was implemented on July 1, 2002, and will be effective through June 30, 2007. The Act provides that after June 30, 2007, the excise tax on gasoline will go back to 20.0 cents per gallon, and ethanol-blended gasoline will increase from 19.0 to 20.0 cents per gallon.



<u>Ethanol Market Share</u>	<u>Ethanol Tax</u>	<u>Gasoline Tax</u>
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

FY 2007 Tax Increase

In CY 2005, the market share of ethanol-blended gasoline was 74.6%. Since this percentage is within the 70.0% to 75.0% range, the tax on gasoline increased by 0.3 cent, for a tax rate of 21.0 cents per gallon for FY 2007.

Market Share Effect



Since FY 2003, the tax on gasoline has increased, while the tax on ethanol-blended gasoline remains at 19.0 cents per gallon. The exception is the 17.0-cent per gallon tax rate on E-85, which was implemented on January 1, 2006. The following table shows the effect of the ethanol-blended gasoline market share on the gasoline tax rate since FY 2003.

**Effect of Ethanol-Blended Gasoline
Market Share**

Ethanol-Blended Gasoline Market Share		Gasoline Tax Rate Based on Market Share	
CY	%	FY	Cents Per Gallon
2001	53.7%	2003	20.1
2002	55.5%	2004	20.3
2003	62.3%	2005	20.5
2004	66.0%	2006	20.7
2005	74.6%	2007	21.0

Road Use Tax Fund Impact

Prior to FY 2002, gasoline was taxed at 20.0 cents per gallon. Based on the annual tax increase beginning in FY 2003, the Road Use Tax Fund has realized an annual increase in fuel tax revenue. The increase, however, is offset by losses to the Fund due to the increasing market share of ethanol-blended gasoline. Fuel tax revenues to the Road Use Tax Fund have increased by the following amounts since FY 2003:



- FY 2003 - \$637,000 (0.5%)
- FY 2004 - \$1.8 million (1.5%)
- FY 2005 - \$2.5 million (2.5%)
- FY 2006 - \$2.8 million (3.5%)

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**LAND EXCHANGE AT WOODWARD STATE RESOURCE
CENTER**

Future Land Utilization

The Department of Human Services notified the Governor that due to improvements occurring at the waste water treatment facility at the Woodward State Resource Center, the number of acres leased by the Department of Corrections (DOC) will be reduced by 15. The 2006 General Assembly provided funding for improvements at the facility.

Current Land Utilization

The DOC currently utilizes 650 acres surrounding the Resource Center. Depending on the timing of the construction and the 2006 harvest, the Department will work with the current property renter for the 2006 payment and the 2007 lease.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Sue Lerdal (Ext. 17794)

UPDATE ON THE IOWA SEX OFFENDER REGISTRY

Sex Offender Statistics

There were 6,109 registrants on the Iowa Sex Offender Registry as of August 1, 2006. Of these, 671 are incarcerated in prison and 1,617 have an address outside Iowa.

TRF Funds



The Registry received \$305,000 from the Technology Reinvestment Fund (TRF) for the purchase of two software programs to increase the efficiency of staff resources, provide Registry information to the public in a timelier manner, and further the cooperative effort between the county sheriffs' offices and the Department. The software allows the sheriffs' offices to submit new registrations and address changes to the Registry electronically, decreasing the delay between report preparations and entry to the Registry, as well as eliminating the need for additional staff to re-key information. The software also allows for electronic validation of an average of 500 records each month, eliminating the need for staff to access paper files for the federally mandated validation process. Both software programs have been ordered but are not currently operational.

Federal Legislation

Federal House Resolution 4472 (Adam Walsh Child Protection and Safety Act of 2006) was recently enacted. The Departments of Corrections and Public Safety are in the process of reviewing the federal legislation for any changes or mandates to the Iowa Sex Offender Registry and electronic monitoring provisions in HF 619 (Sex Offender Act).

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

UPDATE ON IOWA PRISON INDUSTRIES

Decline in Sales

Iowa Prison Industries reported an estimated \$380,000 decline in sales on June 30, 2006, due to the prison escape at Fort Madison on November 14, when Industries was temporarily shut down. Overall sales were approximately \$19.1 million for FY 2006.

Program Description



Iowa Prison Industries is an inmate work program, which employs approximately 90 staff and provides work for approximately 600 prisoners at six prisons. Inmates are paid 45 to 50 cents an hour, with a raise after three months. Iowa Prison Industries projects a sales profit of \$22.0 million for FY 2007.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)

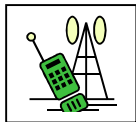
**UPDATE ON DEPARTMENT OF CORRECTIONS
ELECTRONIC MONITORING OF SEX OFFENDERS**

Electronic Monitoring

The Department of Corrections (DOC) estimates the contract for the Global Positioning System (GPS) Electronic Monitoring System will be awarded no later than August 4. As of July 1, 2006, there were approximately 500 sex offenders required to be on the GPS monitoring system.

New Staff Positions

The Department has also created job descriptions and began the recruitment process for six new staff the General Assembly authorized for the 24-hour monitoring process. The staff should be in place within the next six to eight weeks.

GPS Technology

While the GPS monitoring system is more current than regular electronic monitoring bracelets, there is still a 12- to 15-minute delay because the technology still notifies staff of a violation through cell phone technology, and it must be within the cell phone tower range. Also, the computers that will run the system are located in California.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)

DEPARTMENT OF CORRECTIONS APPOINTS NEW SUPERINTENDENT AT MOUNT PLEASANT

New Appointment

The Department of Corrections, in consultation with the Department of Human Services, appointed Dr. James Carter as Superintendent of the Mount Pleasant Correctional and Mental Health Facilities. The appointment is subject to approval by the Board of Corrections, which will meet next on August 4.

Dr. Carter was appointed Administrator of the Iowa State Penitentiary Clinical Care Unit in September 2005 and will begin the appointment at Mount Pleasant on August 18.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)

JUDGE HECHT APPOINTED TO THE IOWA SUPREME COURT

Court Appointment

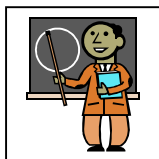
Judge Daryl Hecht of the Iowa Court of Appeals has been appointed to the Iowa Supreme Court. Judge Hecht will fill the vacancy that will occur at the end of September when Chief Justice Louis Lavorato retires.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

PAY FOR PERFORMANCE COMMISSION MEETING

First Meeting

The Pay for Performance Commission met for the first time on July 24 in Des Moines. Governor Vilsack recently appointed the Commission to implement the provisions of HF 2792 (Additional Education Funding Act) related to a study of pay-for-performance plans for teachers. The members of the Commission include:

- Mike Haluska, Superintendent, Jefferson-Scranton Community Schools
- Judy Jeffrey, Director, Department of Education
- Robert Koob, Retiring President, University of Northern Iowa

- Jan Reinicke, Iowa State Education Association
- Steve Waterman, Retired Superintendent, Clarke Community Schools, Osceola

The Commission elected Steve Waterman as Chairperson and Jan Reinicke as Co-Chairperson.

Background

Gary Dickey, Governor's Office, reviewed the provisions of HF 2792 related to the pay-for-performance study, the Governor's item vetoes that included striking the membership and staffing of the Commission, and the Governor's Executive Order No. 48, which directed the Institute for Tomorrow's Workforce (ITW) to conduct the study.



House File 2792 included a FY 2007 General Fund appropriation of \$1.0 million for the study. The Act allocated \$150,000 of that amount to the ITW for continuation of its efforts related to redesigning the educational system. The Act directed the remainder to be used for the study and design of a pay-for-performance program.

28E Agreement

The Commission approved a 28E Agreement with the Department of Management (DOM) and the ITW. In the Agreement, the Commission contracts with the ITW to perform the study and design a pay-for-performance program. The ITW is to receive \$790,000 in four equal installments through December 2006.

The Agreement requires that both the Commission and the ITW operate as governmental bodies, subject to Open Records and Open Meetings laws. It permits the ITW to contract with third parties and requires compliance with accountability provisions of SF 2410 (Government Accountability II Act). The Commission approved a work plan prepared by the ITW as an attachment to the 28E Agreement to describe the scope of the work.



The Institute for Tomorrow's Workforce also approved the 28E Agreement at its meeting on July 27.

Commission Budget

The Commission is retaining \$60,000 of the FY 2007 appropriation to cover member and meeting expenses (\$10,000), contracted staff to develop and implement the RFP process for the pilots (\$15,000), and an external evaluator to help develop the evaluation component of the pilots (\$35,000).

Future Plans

The Commission scheduled future meeting dates for August 23, September 20, October 18, and November 17 to receive updates on the ITW's progress. The Commission anticipates receiving a draft of the Institute's recommendations in November, with a final report due in January.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

MENTAL HEALTH PLANNING COUNCIL MEETING

MH Council Meeting

The Mental Health Planning Council met on July 31.

MH Division

The Council approved communication to Director Concannon, Department of Human Services (DHS), regarding the new Division of Mental Health within the Department.

MH Workforce

The Council received information regarding efforts to decrease the mental health workforce shortage, including:

- University of Iowa College of Nursing web-based psychiatric training and changes in curriculum.
- Financial support for those enrolling in Master's of Nursing programs with an emphasis in psychiatry.
- Expansion of the Physician Assistant Program at the Mental Health Institute at Cherokee.
- An employment web-based clearinghouse.
- Proposed changes to statutory definitions of certain mental health providers.

Other Business

The Council also received an update on the Implementation Report on Evidence Based Practices Initiative, received technical assistance for improved organization and effectiveness of the Council, and provided suggestions to the DHS regarding the proposed application for the federal Community Mental Health Services Block Grant.

More Information

The next meeting is scheduled for September 18. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

COMMUNITY MENTAL HEALTH CENTERS WORK GROUP

Work Group Meeting

The Community Mental Health Centers Work Group met on July 27 and discussed the following issues:

- Salaries of those employed by the Centers in light of recent contract issues in State Government.
- Increases in reimbursements provided during the 2006 Legislative Session.
- Possible uniform and minimum standards for services provided by the Centers.
- Impact of changes in Medicaid that may indirectly impact the services provided by the Centers.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

MENTAL HEALTH/MENTAL RETARDATION COMMISSION MEETING

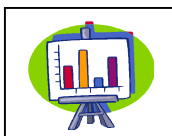
Commission Meeting

The Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Commission met on July 31.

Providers & Reports

The Commission approved various accreditations of service providers, and reviewed the Final Report of the Children's Serious Emotional Disorders (SED), Mental Retardation, Developmental Disabilities, and Brain Injury Oversight Committee. (A separate article in this edition of the *Fiscal Update* reviews the Report).

Staff Reports



The Commission received staff updates regarding:

- The Residency Team.
- The Functional Assessment Workgroup and the pilot testing of individual assessments.
- The Outcomes Workgroup and possible satisfaction survey tools.
- Case rates and the completion of the software program by the consultant for initial efforts once the assessment pilot is completed, fiscal estimates are made, and approval by the General Assembly is received.

DHS Discussion

The Commission discussed the following concerns with staff from the Department of Human Services:

- Changes to State Cases as a result of legislation shifting responsibility to counties and the possible negative impact of limitations placed on reimbursement from Medicaid for rehabilitation costs, with the possible cost shift to the State Cases appropriation.
- Concerns that the Commission was not informed prior to publication of Administrative Rules regarding State Cases.
- The future need to develop credentials for service providers that are not licensed or certified by the Department or other entity for purposes of Medicaid reimbursement.
- Future funding possibilities, with Department staff noting the Medicaid funding shortfall and the federal child care funding limitations.



More Information

The next meeting is scheduled for August 2 via teleconference to discuss the proposed Administrative Rules for changes to the State Cases Program. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

CHILDREN'S MENTAL HEALTH REPORT

Report Release



The Mental Health, Mental Retardation, Developmental Disabilities, and Mental Retardation Commission reviewed the Report of the Serious Emotional Disorders (SED), Mental Retardation, Developmental Disabilities, and Brain Injury Oversight Committee at the July meeting. The Committee was created by the Commission in 2004.

The Report calls for the establishment of a “Lighthouse, a system of resources, services, and support for Iowa children and youth with disabilities and their families.”

Four Components

The Report highlights four components, including:

- An information and referral network.
- System Navigators, staff to lead the person and family to the available resources.
- Coordinated Care Plans, a single plan instead of the current multiple plans.
- Governance, a new lead agency to maximize existing resources.

Five Recommendations



The Report includes five recommendations:

- Implement the “lighthouse system” over a five-year period.
- Support prevention and early intervention services.
- Identify areas for improved services.
- Collaborate to improve screening of children and youth.
- Endorse activities of other initiatives.

Costs

The Report includes the first-year cost of \$800,000 for the initial staff, marketing plan, and training curriculum. The Department has been asked to provide the cost estimates for years two through five.

More Information

The Executive Summary and the full Report may be accessed on the web site at: http://www.legis.state.ia.us/lsadocs/Docs_Filed/2007/DFJYD001.PDF and http://www.legis.state.ia.us/lsadocs/Docs_Filed/2007/DFJYD002.PDF. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

SPECIAL MEETING OF THE MENTAL HEALTH COMMISSION

Commission Meeting



The Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Commission met on August 2 for a special meeting to review the proposed Administrative Rules regarding the State Cases Program.

House File 2780 (Mental Health Act) permitted the Commission to adopt the Administrative Rules relating to the transfer of responsibility to counties from the Department of Human Services for persons without legal settlement. The Department, however, had the Council on Human Services adopt the Rules. The Commission may also adopt the Rules at a later date.

Rules Concerns

Members discussed the following concerns and issues regarding the proposed Rules:

- County authorization of services prior to knowing funding availability by the State.
- The State paying for counties' exception to policy. The Department staff indicated the State would provide funding. It is unclear whether an estimate of

this cost is included in the required assessment, due by September 1, to determine if the appropriation is adequate for the cost of the Program. Statute provides that the State Cases Program does not transfer the duties to counties if the funding is not adequate.

- Clarification that the 30-day application timeframe for an individual to receive services is the maximum time and can be reduced by county and State staff.
- The use of waiting lists for both those with and without legal settlement and the determination of serving those without legal settlement on a waiting list in a county.
- The inclusion of the counties and the Legislative Services Agency in determining the funding methodology and adequacy of funding by September 1.
- Serving students away from home, those individuals traveling through the State, and illegal aliens within the framework of the State Cases Program.
- Additional language for payment to local hospitals for mental health services provided under HF 2780. Additional funding was provided with the appropriation for this expenditure.
- Effective date of proposed Rules and required action if estimated expenditures exceed funding.



More Information

The next regular meeting is scheduled for August 17. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

DEPARTMENT OF CORRECTIONS PROJECT MANAGER MEETING

Project Manager Meeting

The Department of Corrections is reviewing the cost effectiveness of centralizing some core functions and services. In addition to the projects listed below, the Department is also researching the centralization of inmate transportation, banking, heating and cooling, and non-food items such as clothing, medical supplies, and cleaning supplies.

Pharmacy

The Department is determining the feasibility of having a centralized pharmacy for all nine institutions, located in either Oakdale or Des Moines, and is researching any associated cost savings. For FY 2008, the Department will have a separate line item for pharmacy. For FY 2009, the Department will be proposing a separate line item for medical.

Food



The Department is researching a partnership with the Iowa Education Consortium for the purchase of bulk foods, rather than ordering through the Centralized Distribution Center (CDC) at Woodward. Currently, the Department spends approximately \$9.0 million on food, which is 80.0% of the CDC's business and 55.0% of the overall Corrections food budget. The Department is in discussions with the Department of Administrative Services, General Services Enterprise, to review these contracts.

Administrative Law Judges

The Department is reviewing the responsibilities of Administrative Law Judges (ALJs) to consider including the review of grievances that would free

up approximately 41 Corrections staff for other duties. Currently, there are eight ALJs, with three lawyers and five non-lawyers.

Record Administration



The Department is reviewing centralization of records administration. For example, Fort Madison will be responsible for all nine institutions' jail credit. When an inmate has credit for time served in a county jail, it is supposed to be applied to their current sentence, which may allow them to be discharged sooner for time already served. As of June 30 at Fort Madison, there were 10,600 days that had not been credited that would result in \$148,000 in savings by freeing up approximately 200 beds to receive new offenders. The Department is also centralizing concurrent sentence discharges, visitations, time computations, restitution plans, and medical trip scheduling.

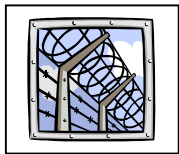
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)

DEPARTMENT OF CORRECTIONS STAFF ANALYSIS TRAINING

DOC Training



John Milosovich, National Institute for Corrections, presented a four-day training in Coralville on July 17-20 to Department of Corrections management and AFSCME employees to assist the Department in determining the number of personnel required to appropriately staff each of Iowa's nine correctional institutions. The training also centered on adequately staffing the Iowa Medical and Classification Center at Oakdale. Each group of four (two management and two AFSCME employees from each institution) will return to their respective institutions to repeat the exercise. A follow-up workshop is scheduled for the week of October 16-19 in Des Moines.

More Information

Additional information is available from the LSA upon request.

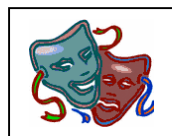
STAFF CONTACT: Jennifer Acton (Ext. 17846) Beth Lenstra (Ext. 16301)

AUDIT REPORT – DEPARTMENT OF CULTURAL AFFAIRS

Audit Report

The LSA received a copy of the FY 2005 State Auditor's Report for the Department of Cultural Affairs. The Report included two findings related to internal control and two findings related to statutory requirements.

Cash Receipts



The Report found problems with segregation of duties involving receipts and recommended that the Department ensure the following:

- Receipts are correctly posted.
- Pre-numbered receipts are used.
- An initial receipt listing is prepared and reconciled to the deposit and the I/3 accounting system in a timely manner.
- Mail receipts are opened and restrictively endorsed by a person who does not record or prepare deposits.

The Department agreed to take the recommended steps.

SHSI Libraries



The Report also found problems with cash collections at the State Historical Society Libraries and recommended that cash be deposited at least weekly and that an independent person reconcile the initial receipts listing at the Iowa City facility to the amounts recorded and deposited. The previous year's Audit Report included a similar recommendation.

The Department's response was identical to the previous year's, indicating that limited staffing in the Iowa City office makes timely deposits difficult and that a cash receipt log will be established, allowing the Des Moines staff to compare actual deposits to the log.

Statutory Requirements

As in the previous year, the Report found problems with documentation related to the Historical Resource Development Program (HRDP) Emergency Grants and the Character Counts through the Arts Grants.

The Department responded that support staff will be dedicated to providing administrative support to the HRDP, which should resolve the problems with the emergency grants. The Department cited changes in requirements as the cause of confusion regarding documentation for the Character Counts through the Arts Grants. The Program ended in FY 2006.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Robin Madison (Ext. 15270)

AUDIT REPORT – DEPARTMENT OF PUBLIC SAFETY

Audit Report

The LSA received a copy of the State Auditor's FY 2005 report of the Department of Public Safety. The Department had one finding related to internal control in which each Department Division was instructed to maintain an initial listing of all receipts received to be reconciled by the Department's Finance Bureau at a later date.

Statutory Requirements



The Auditor cited three findings related to statutory requirements. Since the last audit, the Department has made significant improvements in regard to capital assets inventory; however, the Auditor recommended the Department include depreciation records, which can be easily reconciled to the Generally Accepted Accounting Principles (GAAP) Reporting Package. The Auditor also tested 12 personnel services contracts for the Department, which did not include the required elements as identified in laws and regulations governing State contracts. The Department will work to follow all rules associated with personnel services contracts. Also, Section 100.33, Code of Iowa, requires the Fire Marshal to file an annual report, and no such report was filed for FY 2006. The Department reported the Fire Marshal's Office will be instructed to comply with the reporting requirement.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – DEPARTMENT OF PUBLIC DEFENSE**Audit Report**

The LSA received a copy of the State Auditor's FY 2005 Report on the Department of Public Defense. The Auditor cited three areas regarding the Department's ledgers and cash management system and recommended that the Department develop and implement procedures to ensure federal funds are drawn in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances. The Auditor also cited both the Military and Homeland Security and Emergency Management Divisions on Capital Assets and use of procurement cards. All responses were accepted.

Statutory Requirement

Section 7A.3, Code of Iowa, requires the Adjutant General file a biennial report in each even-numbered year. The biennial reports for fiscal years 2003, 2004, and 2005 have not been filed. The Department responded that these reports will be completed by October 1, 2006.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – IOWA COMMUNICATIONS NETWORK**Audit Report**

The LSA received a copy of the State Auditor's FY 2005 Report on the Iowa Communications Network (ICN). The ICN reported revenues of \$48.7 million for FY 2005, a 3.0% decrease from the prior year. Expenses for FY 2005 totaled \$44.7 million, less than 1.0% decrease from the prior year. The ICN had two reportable conditions in regard to written policies and account review, which the ICN will work to resolve.

Financial Highlights

Some financial highlights from FY 2005 are:

- Part III appropriations were transferred to the Iowa Department of Education.
- During FY 2005, the ICN retired the outstanding Certificates of Participation early, saving \$1.3 million in future interest payments.
- The ICN delivered 278,467 hours of full-motion, interactive video to authorized users in FY 2005.

More Information

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