

SUMMARY OF BUDGET REDUCTION

TASK FORCE RECOMMENDATIONS AND DSS ACTION

Jan Payer
Organizational Planning
515-281-6098

December 31, 1981

SUMMARY OF RECOMMENDATIONS AND ACTION, 1981

TASK FORCE RECOMMENDATIONS

DSS ACTION

ADC/Food Stamp Group

1. Unborn Child and Unemployed Parent coverage be reinstated.

The Department recommended reinstatement of the ADC-Unemployed Parent program beginning fiscal year 1983. Reinstatement of the ADC Unborn Child program was not included in the budget as there are resources already available to pregnant women, for example, Title XIX and food stamps.

2. Eighteen year old student coverage be added to ADC.

The Division of Community Programs recommended this, but the overall Departmental budget that was presented to the Council did not include this coverage.

3. ADC Standard of Need be increased by 50%.

The Department has recommended an increase of 25%, with the caveat that this percentage be adjusted by the findings of Iowa State University's standard of need study. 25% is based upon recommended increases in the standard for FY 1981 through FY 1983, that were either deferred by the Iowa Legislature or not acted upon by that body.

4. ADC resources.

- a. Exclude from consideration as a resource in ADC, all household goods, appliances and other items related to maintaining the home inside and out.
- b. Devise a policy excluding collections as a resource except in those instances where the collection has been treated by the recipient as a business.
- c. Continue to press the federal agency for the most reasonable definition and regulations possible.
- d. Resist all efforts to freeze definitions and policies into law.

- a. The Department agrees and has not changed its rule that exempts household goods and personal effects as a resource. We do not plan a change in the future.
- b. The Department's policy regarding collections was in existence prior to the Omnibus Budget Reconciliation Act (OBRA) of 1981. OBRA did not impact this policy. At the present time, the Department does not plan to revise its rule on collections. However, we will look at changing the rule in the future, if it proves to have a highly negative impact on ADC clients.
- c. The Department agrees with the Task Force completely and will do whatever is within its power.
- d.

TASK FORCE RECOMMENDATIONS

DSS ACTION

ADC/Food Stamp Group (Continued)5. Monthly Reporting/Retrospective Budgeting (MR/RB)

- a. Undergo an intensive recipient-education campaign regarding the new monthly reporting and retrospective budgeting requirements.
- b. With respect to the monthly reporting requirement: all recipients who have received no income, or who receive fixed income from a federal public benefit program or private pension, should be exempted; design a monthly reporting form which seeks a minimum of required information and is easy to read/understand; the Department should pay all postage costs.
- c. Adopt the option of a two month retrospective budgeting system.
- d. Give the recipients some type of confirmation of the receipt of their monthly reports.

The Department is in the process of planning for the implementation of MR/RB. All the recommendations of the Task Force are being considered in developing this plan.

6. Work Expense allowance for part-time employees be increased to \$74 per month.

The Department is implementing this recommendation effective February 1, 1982.

7. Lump Sum. Allow an ADC family to exclude a child(ren) from the eligible group, upon receipt of a social security lump sum payment for the child. Then the lump sum will not be counted as income to the remaining members of the eligible group.

We requested an interpretation from the Department of Health and Human Services (DHHS). That Department informed us: a social security lump sum payment must be considered as income to the entire ADC family when the child beneficiary is a member of the eligible group at the time the lump sum is received. If the child is excluded at the time the lump sum is received, then the income is exempt.

The current policy of DSS complies with DHHS' interpretation. We do not anticipate changing our current policy.

8. Food Stamps and Housing Subsidies should not be counted as income in the ADC program.

The Department has no plan to implement this option, but will study this in relationship to the Iowa State University recommended update of ADC standards.

SUMMARY OF RECOMMENDATIONS AND ACTION, 1981

TASK FORCE RECOMMENDATIONS

DSS ACTION

ADC/Food Stamp Group (Continued)

<p>9. <u>Child Support Recovery.</u> Assist non-ADC families to recover child support payments.</p>	<p>All recipients cancelled from ADC due to the 150% of need cut-off were notified by the IV-A Department that they had a right to apply for the CSR program. The caseload for non-Public Assistance Program increased by a third in the quarter ending September 30, 1981, due to cuts made in July. The caseload figures for the most recent quarter are expected to show a greater increase.</p>
<p>10. <u>Earned Income.</u> The federal regulations on assuming earned income credits (EIC) as income in the ADC program require exemptions whenever the recipient cannot receive the credit for documented reasons. Employer non-cooperation is provided as an example only. The Task Force recommends the rules on EIC be consistent with the federal regulations.</p>	<p>The Department will consider revising its EIC rules in the future provided there are instances when the client cannot receive the credit for documented reasons, in addition to employer non-cooperation. The Department currently provides an exemption for employer non-cooperation.</p>
<p>11. <u>Stepparent Income.</u> Make certain that ADC stepparent families take full advantage of the income disregards for payments made to dependents who reside outside the home, e.g., child support and alimony.</p>	<p>The Department agrees with the Task Force. We will include information about these disregards on the ADC application the next time that form is revised. We'll also investigate the feasibility of including the information on the monthly report forms.</p>
<p>12. <u>Employment.</u> Appoint a blue ribbon committee of prominent Iowa business and industrial leaders to examine how the private sector can employ ADC recipients in jobs that provide the means to live independent of public assistance programs.</p>	<p>The Department is studying this option.</p>
<p>13. <u>Public Relations.</u> Begin a two-pronged recipient and public relations campaign in regard to the ADC and Food Stamp Program. The Department should consider meeting with Women Aware to discuss the prospects of developing a recipient relations project.</p>	<p>The Department is studying this option.</p>

TASK FORCE RECOMMENDATIONS	DSS ACTION
<u>Medicaid (Title XIX) Group</u>	
1. Eliminate the 18-21 year old group from coverage.	Not adopted as Department did not want to further reduce eligible groups.
2. Change the "300% group" to a \$600 per month group eligible.	Not adopted because no alternative exists for payment of institutional care. Not passed by DSS Council.
3. Increase co-pay of optional services, and establish utilization review criteria.	Co-pay was recommended by the Department, but not passed by the Council. We plan to set up utilization review criteria.
4. Pay hospitals lower rate for skilled care. 5. Pay hospitals lower rate for intermediate care. 6. Pay SNF lower rate for ICF care. 7. Reduce reserved bed days to 5 (2 months). 8. Pay ICF's lower rate for RCF care.	Number 4-8 were recommended by the Department, passed by Council and included in DSS budget. These rule changes are subject to Legislative approval.
9. Pursue voluntary contribution for ICF residents.	This is being considered and probably will first be tested as a pilot project before being implemented state-wide.
10. Impose preadmission screening to assure that all procedures that can be done on outpatient basis are, unless medically necessary to be in the hospital, plus no reimbursement for procedures not done on outpatient basis.	Mandate outpatient where appropriate (1 month), recommended by Department and passed by Council.*

*Rule changes are subject to Legislative approval.

TASK FORCE RECOMMENDATIONS

DSS ACTION

Medicaid (Title XIX) Group (Continued)

11. Strengthen utilization review of hospitalization with goal of bringing use by Title XIX residents to a lower figure.

Department plans to strengthen and tighten up utilization review through contracts with Iowa Foundation for Medical Care. We will use Professional Activity Study (PAS) guidelines of 50% for length of stay. Recommended and passed by DSS Council.*

12. Strict enforcement of the transfer of assets provision.

Rules have been written and are in final process, with implementation expected about February.*

*Rule changes are subject to Legislative approval.

TASK FORCE RECOMMENDATIONS

DSS ACTION

Title XX Group

This task force had recommendations in three areas:

I. Maintain Services at Present Level

1. Escrow money (S.F. 563) of \$1.8 million be allocated to Title XX.

Department has requested match dollars in escrow.

2. State and county should maintain same level of Title XX as last year; and if state reduces, county must increase taxes to maintain same level.

Counties will be encouraged to maintain their funding level for Fiscal Year 1982.

3. Use surplus in Foster Care IV-B of \$1 million.

Title IV-B dollars will be used to provide foster care to eligible clients.

4. Any state money resulting from Economic Recovery Tax Act of 1981 should be applied to Social Services Block Grant.

This requires legislative action and monitoring of state budget.

5. Foster Care Recovery be used to collect fee from parents based on ability to pay.

The Department is recommending legislation to accomplish this.

6. Child Support Recovery -
 a. Change Federal regulations so that appropriations to AFDC are not reduced by Child Support Recovery funds.
 b. Increase staff efficiency so more money is collected.
 c. Collect fee from non-public assistance clients.

(a) This would require a change in Federal Law.
 As noted on page 3, there has been an increase in caseload in CSR for non-Public Assistance clients. The Department has had several news releases on the Non-PA program. Application forms for CSR are available from Clerks of Court, County Attorneys, IV-A and IV-D offices.

7. Transfer any surplus from Energy Assistance Grant.

There was less money than last year in this Grant, so the Department cannot tap this for any money.

TASK FORCE RECOMMENDATIONS

DSS ACTION

Title XX Group (Continued)

8. Develop sliding fee scale for service clients.	The Department is examining the feasibility of a sliding fee scale for eligible clients.
9. Money saved from Division of Field Operations should go to Title XX services.	This is a legislative decision. Anticipated money saved as a result of District Reorganization is being used to offset the deficit in Field Operations; a major portion of the deficit is Title XX.
10. Any surplus from ADC go to Title XX and Title XIX.	This is a legislative decision. DSS is recommending that any ADC surplus be used to reinstate the ADC-UP program and provide for the increase in Standard of Need for FY 1983.
11. Reduce administrative costs to 5%.	The Department is already reducing administrative costs through District Reorganization and Central Office is maintaining a staff vacancy of about 22%.
II. <u>Efforts Required for Long-Range Results</u>	
1. Appoint Task Force to recommend changes in duplicate state agency regulations which are costly and unnecessary.	The Department is exploring the duplication of efforts in monitoring the quality of services and licensing of facilities.
2. Develop local match monies from the county, United Way, etc.	
3. Develop private sponsors to pay client user's fee.	
4. Use voluntary consultants to review private and public agency administrative costs and develop cost efficient management methods.	
5. Encourage more fund raising projects of agencies.	
6. Counties and districts should prioritize needs. Develop regional task forces to help identify needs and provide information to	

TASK FORCE RECOMMENDATIONS

DSS ACTION

Title XX Group (Continued)

<p>7. Reward staff for cost saving ideas.</p> <p>8. Pursue day care services for employees that can be paid for by corporation tax deductions or incentives.</p>	<p>7. The Governor has implemented the VIP (Valuable Ideas for Productivity) program which encourages cost saving ideas in state government.</p>
<p>III. <u>Reduced Funding</u></p> <p>1. Maintain state effort for funding.</p>	<p>The Department has requested maintenance of effort by the state.</p>
<p>2. Reduce administrative expenses.</p>	<p>This recommendation is being pursued through District Reorganization and past reduction in Central Office staff.</p>
<p>3. Reduce eligibility to no lower than 30% of Federal Median Income limit; limit resources to \$5,000 for first person.</p>	<p>Proposed eligibility of 30% of median income has been submitted to the Governor as part of the budget. Approved by DSS Council.</p>
<p>4. Establish a user's fee based on a sliding fee schedule.</p>	<p>A sliding fee schedule is being examined for possible use by eligible clients.</p>
<p>5. Maintain local determination of allocations and decisions on funding.</p>	<p>The Department wishes to continue the allocation process at the District level.</p>
<p>6. Negotiate Purchase of Service agreements for a guaranteed number and allow providers to raise money to cover deficits without a penalty.</p>	<p>The Department is exploring "freezing" or "caps" on all Purchase of Service units and a possible change in calculating monies raised by private agencies.</p>
<p>7. Set up Task Forces to study changes in state regulations which are costly and duplicative.</p> <p>8. Monitor clients, through placement agreements, for appropriateness to program and benefits received.</p>	<p>These ideas will be considered.</p> <p>Any specific recommendations from providers or the Task Force members will always be appreciated.</p>



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November 11, 1981

Michael Reagen, PhD.
Commissioner
Iowa Department of Social Services
Hoover State Office Building
Des Moines, Iowa 50319

Dear Commissioner Reagen:

Enclosed is the final report of the AFDC and Food Stamp Task Force. It represents the efforts of the eight individuals whose names appear on the following page.

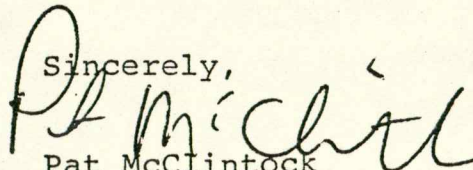
I believe that it is accurate to say that all of us who participated in the Task Force found the experience challenging. We did not have the time to explore all of the issues we identified in as much detail as we would have liked, but I think we have provided you with a broad view of the issues we believe are most pressing.

You will see that we have almost completely failed to mention any recommendations with respect to the Food Stamp program. The Task Force decided early on that the issues pertaining to the AFDC program were of higher priority and offered us the best opportunity to make recommendations that could be adopted by the state. We determined that there were few options available to Iowa in regard to the Food Stamp program.

Finally, the Task Force would like to offer its continued services should you decide that the Department would like to explore some issue further. This final report does not include all of our views and ideas in regard to the issues currently confronting the state with respect to the AFDC program.

On behalf of the members of the Task Force, I would like to thank you for the opportunity you have given us to offer our ideas and recommendations. Please do not hesitate to contact any of us if you have any questions or comments regarding our report.

Sincerely,


Pat McClintock

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EXPANDING AFDC ELIGIBILITY:

COVERAGE FOR THE UNBORN CHILD AND THE UNEMPLOYED PARENT

During the last session of the Iowa Legislature, categorical coverage for families under the unborn child and unemployed parent programs of the AFDC program were discontinued. Both programs were eliminated for reasons related to the state's fiscal crisis. With the elimination of both programs, over 5,000 families lost assistance.¹

The Task Force believes that the loss of these programs represents the single most harmful reductions in the AFDC program. The Department's own statistics indicate that over 1,300 families who lost benefits as the result of the elimination of the AFDC-unemployed parents program, were forced to break up so that the children in these households could receive assistance. We believe that if some social problem were the cause of these family break-ups, the Legislature would react in an attempt to solve it. However, because of the misconceptions Legislators and members of the public have about the AFDC unemployed parent program, most have been willing to accept its elimination.

The Task Force recommends that the Department make an effort to convince the Legislature to reinstate both the AFDC unborn child and AFDC unemployed parent programs. We believe that this can be done by providing the Legislature with statistics and case examples of how the elimination of the programs have harmed low-income Iowans. Some members of the Task Force have heard

Officials: Welfare plan causing family split-ups

DES MOINES (AP) — Just as opponents warned would happen, a new welfare program has forced fathers of at least 1,000 Iowa families to leave home so the rest of the family can receive benefits.

"What we were saying was exactly what has happened," said Rep. Tom Jochum, a Dubuque Democrat and leading opponent of Gov. Robert Ray's proposal last winter to eliminate the "unemployed parent" welfare program.

These benefits, ended last May, went to families headed by two unemployed parents, and opponents of ending the program said that one of the parents would simply leave the home so that the remainder of the family — now headed by one parent — would qualify.

"What we did was split up families," Jochum said. "It was the worst thing we could have done. We're going to have to change it. The social costs are too high to bear."

Gloria Conrad, Department of Social Services official, said that last April, there were 3,929 families receiving unemployed parent benefits under Aid to Families with Dependent Children.

OF THOSE, 1,305 have turned up on regular ADC rolls, with the rest either receiving no benefits or obtaining sharply reduced benefits under a substitute program approved by lawmakers.

In most of the 1,305 cases, Ms. Conrad said, the father left the home in order to create a single-parent home, which is eligible for benefits. "It was a shame if had to happen," she said.

A change is needed, agreed Sen. Arne Waldstein, a Storm Lake Republican and chairman of the Senate Appropriation subcommittee on social services.

"Anything that would tend to break up families I think is a bad program," Waldstein said.

While both Jochum and Waldstein say the program needs repair, they have differing views on how it should be done.

Unlike Jochum last spring, Waldstein agreed with Ray, saying the unemployed parent program should be eliminated. The loss of benefits for families with two unemployed parents at home, Waldstein said, would be an incentive for recipients to "get off their fannies" and find jobs.

But unlike Ray, Waldstein wanted a substitute, which he and his House counterpart, Rep. Harold Van Maanen, R-Oakaloosa, called "workfare."

THE IDEA WAS to let county supervisors find jobs for people who want welfare. Jochum and others were vigorously opposed, saying "workfare" would be an administrative nightmare and would make jobless Iowans take leaf-raking jobs in return for meager benefits.

When "workfare" failed, an 11th hour compromise was approved.

It declared that children of unemployed parents would not lose medical coverage. Medical benefits automatically accompany ADC benefits, and when a person loses ADC, he also loses medical assistance.

The compromise also provided for a maximum \$450 rent subsidy — no more than \$150 a month for no longer than three months — to such families.

But as the statistics show, the substitute program, which expires next March, was not enough to keep many of the families together.

"I felt this was a stopgap measure that wasn't worked out as well as it should have been," Waldstein said. "I wasn't happy with it but it was the best we could do."

"We need to get back to the fundamentals. We used a Band-Aid approach to patch up the program. We need to go back to square one, to provide incentives to help them get off welfare," he said.

JOCHUM SAID workfare simply doesn't work. "It's interesting to note that President Reagan says he started workfare in California but that today they don't have it. It didn't work," he said.

On a small scale, he said, workfare can be a useful tool. He noted that Linn County's program has used an average of about 25 people a month who paint bridges, mow lawns or do other work in return for their welfare checks.

But it's not a statewide answer, he said. "If Dubuque County came up with a program to help 25 people a month, it would take 10 years to reach everybody. The people we need to help would either be dead or gone," he said.

And even if officials did iron out the logistics, he said, "There's only so many times you can paint a bridge."

Jochum also said that changes in eligibility are working to increase, not decrease, welfare rolls.

"They're saying that if you sling hamburgers and you've got a couple of kids, that's just tough luck," Jochum said. The new eligibility rules, he said, will cause people to quit their low-paying jobs in order to qualify for welfare.

WALDSTEIN ALSO said changes are needed, although he approached the problem from a different view.

"The thing that has bothered me about welfare is that (the system) does not provide any means to phase out of welfare in a reasonable sequence," Waldstein said.

Instead of suddenly cutting off benefits if a person finds a job, there should be a mechanism to "hold his hand a while and allow him to enjoy the benefits of work and not to lose all the benefits."

Waldstein also said he hopes to pursue the workfare idea again, making money available to counties that wish to participate.

EXPANDING AFDC COVERAGE:
AFDC FOR 18 YEAR OLD STUDENTS

The Budget Reconciliation Act allows states to elect to include in their AFDC program, children age 18 who are full time students in a secondary school or in the equivalent level of vocational or technical training.² This provision offers Iowa an opportunity to expand AFDC eligibility to most students who are in the final stages of their high school education. Currently, the state discontinues coverage when the student reaches age 18. The Task Force recommends that the Department seek adoption of this limited additional coverage for high school students.

The majority of high school students in Iowa are 18 at the time of their graduation. Iowa law, at Chapter 282.3(2) of the Iowa Code 1981, regulates admission to public schools in such a way that young people whose birthdays fall after September 15 and who are under age five are not allowed to enter school and are therefore assured of graduating after their 18th birthday.

Students, who for any reason, do not complete high school on the expected time table for graduation will still be eliminated from the AFDC program due to federal policies which provide, "an individual who will become 19 before completing high school is ineligible once he or she reaches 18".³ An informal survey of Iowa high schools reveals that 6% to 7 1/2% of the graduating class of 1982 will be 19 years of age before graduation.⁴

Recent studies examining the relationship between education and adult earning capacities support the theory that it is in

30 percent more than their counterparts who attended,
but did not finish high school.⁶

AFDC STANDARD OF NEED

The Omnibus Budget Reconciliation Act of 1981 and the implementing federal regulations require states to deny assistance to any AFDC recipient whose income exceeds 150% of the state's Standard of Need.⁷ This policy change alone has been responsible for discontinuing assistance to between 3,100 and 3,900 families headed by a wage earner.⁸ Without question, it is the single most significant policy change, adopted by Congress, that impacts on AFDC recipients.

The Task Force believes the impact of this policy change will be largely negative. The Task Force agrees with the Commissioner, that working AFDC recipients will be provided no incentives for working and that the program change will not "achieve the savings estimated, because loss of benefits under one program may make recipients eligible for more help under another, or push them onto welfare outright."⁹

The purpose of this paper is to present arguments favoring an increase in Iowa's Standard of Need. These arguments are based upon reliable data provided by the Department. The Department supplied the Task Force with data from its last Quality Control sampling taken during the period of October, 1980 and March, 1981. Specifically, the Task Force was provided with profiles of all AFDC earned income cases included in the sample, where eligibility was discontinued on October 1, as the result of the 150% of the Standard of Need policy. This sample included 57 such cases.

This paper shows that there are persuasive arguments, both from the standpoint of increasing work incentives for recipients and in terms of increasing potential savings to the state, for

attempt to convince the Legislature to increase the current Standard of Need and separate it from the Payment Standard. As mentioned earlier, the Task Force believes there are benefits to be incurred by both recipients and the state by such legislative action. Before discussing these advantages however, there is a need to highlight the major disadvantages of the current standard in view of the new income eligibility policy.

It has been suggested that the new policy of denying AFDC to families with earned incomes in excess of 150% of the state's Standard of Need will encourage wage earners in such families to discontinue their employment. This is due, in part, to the fact that loss of AFDC eligibility also results in loss of medical assistance coverage. If a family for example, loses all AFDC and medicaid assistance because gross earned income is \$10 over the 150% of the Standard of Need level, they might be better off reducing earned income because of the excessive costs of replacing medicaid coverage with private insurance coverage. The Task Force maintains that if enough wage earning AFDC recipients quit their jobs to retain AFDC and medicaid eligibility, any savings resulting from the 150% cut off, would be lost. In fact, the Task Force calculates that the state loses all of its projected savings if 49% of the current wage earning recipients who lost assistance because of this policy, left their jobs and began to receive a full assistance grant.

The average gross income for families in the sample is \$699 per month. A person earning minimum wage would average \$580 per month ($\$3.35 \times 40 \times 4.3 = \580). The average household size

All 57 cases in the sample are ineligible for assistance because earned income exceeds 150% of the current Standard of Need. No consideration was given to other factors including work expenses, mandatory tax and F.I.C.A. withholdings and child care expenses. Before these expenses can be deducted from a wage earner's income, the wage earner's gross income must be below the 150% cut off.

Table III below, illustrates the number of families by family size, compared to average income and average assistance grant paid prior to 10-1-81.

TABLE III

# in family	current payment standard	# in sample	total earned income	ave. earned income	total grant	ave. grant
2	292	37	23288	629	5545	150
3	360	15	11720	781	2406	160
4	419	3	2257	752	877	292
5	464	0	0	0	0	0
6	516	2	1843	921	465	232
totals	-	57	39108	-	9293	-

Table III makes it possible to examine and analyze the effects of implementing the 150% of the Standard of Need policy. First, sample families lost a substantial amount of AFDC assistance (\$150 per month to \$292 per month). Second, the average monthly earned income of the sample families is significantly higher than the current Payment Standard. However, these average income figures represent gross income, prior to the consideration of state and federal withholding, F.I.C.A., work expenses (\$75 per month), and child care (up to \$160 per month).

TABLE IV

% of sample leaving employ.	# in sample	lost earn.	new AFDC grants	grants prior to 10-1-81	increased AFDC costs	total lost state taxes
10% (4-2 person fam. in sample + 1-3 person fam.)	57	3300	1528	760	768	44.51
20% (7+3)	57	6746	3124	1530	1594	92.73
30% (11+5+1)	57	11576	5431	2742	2689	164.12
40% (15+6+1)	57	14873	6959	3502	3457	208.72
50% (19+8+2+1)	57	20704	9782	4949	4836	302.35

By increasing the Standard of Need, it is possible to allow recipients a higher gross income so that the allowed income disregards become effective and permit a wage earner's income to be considered in a more realistic fashion. Recipients with higher incomes will be ineligible for assistance, but for reasons related to the loss of the earned income disregards (\$30 and 1/3) after work expenses and child care have been considered, as opposed to simply being ineligible due to the 150% policy. This approach allows recipients with incomes just above minimum wage to continue to receive assistance depending on child care and work expenses.

Table V illustrates what would occur if the state increased its Standard of Need to 150% of the current Standard of Need.

of Need, the state would still save \$2,589 on these 57 cases as compared to the assistance paid prior to October 1st (\$9,298- projected savings based on current Standard, minus \$6,709- assistance paid out under new standard, equals a net savings of \$2,589).

The Task Force acknowledges that it is impossible at this time to determine whether a substantial number of working recipients will leave their jobs to remain eligible for assistance. However, we believe that the state can continue the incentive for working by increasing the Standard of Need, without increasing the state's AFDC expenditures over what was appropriated by the Legislature. In fact, it is conceivable that the increased work incentives will save the state money by encouraging recipients to keep their jobs. The Task Force concludes there are the following advantages to increasing the state's Standard of Need:

1. Provides incentive for recipients to begin and continue employment. By increasing the Standard of Need to 150% of the current Standard of Need (See Table V), recipients with incomes equal or slightly greater than minimum wage will be eligible for assistance. However, after four months of eligibility and the loss of the \$30 and 1/3 earned income disregard, families with earned incomes in excess of \$527 (two person family with maximum child care) or \$755 (three person family with maximum child care) would become ineligible. The advantage of this over the current standard, is that families with somewhat low incomes would

AFDC RESOURCES

Title 45 C.F.R. 233.20 sets forth the new resource limitations for the AFDC program. In essence, states may exclude only the following from consideration as a resource in determining AFDC eligibility:

1. The home which is the usual residence of the assistance unit.
2. One automobile, up to \$1,500 of equity value or such lower limit as the State may specify in the State plan.
3. At State option, basic maintenance items essential to day to day living, such as cloths, furniture and similarly essential items of limited value.

The pre-printed State Plan, IV-A, Section 2.3, page 3, provides:

Part II Income and Resources

A. Real and personal property limitations

The amount of real and personal property (including liquid assets, non-essential basic maintenance items and income producing property) that can be reserved for each assistance unit is not in excess of \$1000 equity value excluding:

1. the home which is the usual residence of the assistance unit, and
2. one automobile the equity value of which does not exceed \$1,500 or a lower limit specified in attachment 2.3-C.
3. basic maintenance items are excluded yes

no

1. continued

"essential", and "limited". As an alternative, the federal agency may attempt to compel the state to define those terms.

2. An attempt by the Iowa Legislature to define the above terms and place such definition in Chapter 239 of the Iowa Code (1981).

If the federal agency should set about to define the above terms or require the states to do so, several problems could arise. The Department should be giving consideration to a plan for handling such contingency. In the past the Department has been fairly successful in forestalling compliance with federal regulations it believed were unreasonable, as was evidenced by the number of years involved in the negotiations over the stepparent issue.

Any attempt to define terms such as "basic", "essential", and "limited" is fraught with difficulties. Such terms do not lend themselves as tools for exact measurement. Who can say what a "basic maintenance item" is? No two families are the same or have the same needs. The Task Force would be interested in seeing someone attempt to set forth in exact terms what constitutes "limited value" in this day of shifting and escalating prices.

At some point the Department might be required to make a list of approved and prohibited resources. How would the Department view such items as micro-wave ovens, tricycles, lawn movers and snow blowers? Do low-income people really need to mow the lawn or remove the snow? If the Department attempts to define whether such items are or are not allowable, questions like the

In summary, the Task Force believes the Department should adhere to certain basic principals in responding to this policy issue and all others. Policies and procedures should be devised on the basis of the following order of consideration.

1. What is best for the clients being served.
2. What is best for the program.
3. What is best for the Department's ability to administer the programs.

Specifically, the Department should:

1. Attempt to exclude from consideration as a resource, all household goods, appliances and other items related to maintaining the home inside and out.
2. The policy governing the treatment of pets, animals, etc., as set forth in newly revised manual material, is reasonably clear and acceptable. The new manual is rather obscure with regard to the treatment of "collections" as a resource. Hopefully, the Department will devise a policy excluding collections as a resource except in those instances where the collection has been treated by the recipient as a business.
3. Continue to press the federal agency for the most reasonable definition and regulations possible.
4. Resist all efforts to freeze definitions and policies into law.

MONTHLY REPORTING AND RETROSPECTIVE BUDGETING

Federal law and regulations now require all states to adopt a system of monthly reporting and retrospective budgeting. These new regulations will dramatically alter the way in which assistance to recipients will be computed. They will also place new requirements on recipients as a condition of continued receipt of assistance.

Because of the dramatic nature of these changes, it is the Task Force's belief that the Department must undergo an intensive recipient-education campaign regarding the new monthly reporting and retrospective budgeting requirements. We believe that without such a program, the system will fail to be responsible to the needs of many recipients. We believe that one of the major reasons for recipient non-participation in public assistance programs is a lack of understanding regarding how programs operate.¹² We also believe that such lack of understanding is a major contributor to payment and case errors.

An effort should be made to reach each recipient to explain how the new system will work. This should be done before the implementation date of the new system. Ideally, recipients should be reached through face to face contact, either by their income maintenance worker, or through some form of Department-sponsored training. However, recognizing the potential costs of such a project, it might be acceptable for the Department to develop easy to read and understand written materials. Such

whose content is easy to read and understand. The Department might consider seeking assistance in the design of the monthly reporting form from Dr. Ralph Scott, who works in the Educational Psychology Department of the University of Northern Iowa. Dr. Scott is known for his work in the area of the comprehensibility of government forms.

Finally, we urge the Department to adopt the option of covering the costs incurred by the recipient in filing the monthly report.¹⁶ Over the past year, recipients have seen the adoption of medicaid co-payments which require them to pay out of their assistance grants the costs of prescription drugs and medical services. At the same time, assistance grants have not increased since July, 1979. Despite the fact that postage costs may appear to be minimal to most, to the AFDC recipient they may make the difference between being able to pay a needed expense or not. The Department should also agree to accept monthly reporting forms that are hand-delivered to local offices.

With respect to the budgeting system, the Task Force believes that the Department should adopt the option of a two-month retrospective budgeting system. Although we believe that any form of retrospective budgeting is less responsive to the needs of recipients, we recognize the fact that it is now federally mandated. Under such circumstances, it was our goal to find a budgeting system that would be most responsive to the needs of recipients. We think that the two-month system would probably be superior to

occur as the result of the diminuation of the incentives for working. However, if the Department decides to require a larger percentage of recipients to file monthly reports regardless of the nature of their income, it is probably in the interests of recipients to have the reporting forms processed over a two-month budgeting period. This would be true only if the Department would allow for a longer reporting period, which would be possible under the two-month budgeting system.

Finally, the Task Force recommends that recipients be given some type of confirmation of the receipt of their monthly reporting form. The Department might, for example, develop a monthly reporting form with automatic carbons. Each month the recipient could receive a reporting form with three copies. The recipient could complete the form, retain one copy and send the other two to the local office. The receptionist in the local office could then sort the reports, review them for completeness and return one copy to the recipient to confirm the receipt of his or her report. Under such a system, a recipient would be protected from having his or her assistance suspended without notice. We believe that a portion of the costs of such a system would be offset by a decrease in the costs of convening appeals in regard to suspensions of assistance. It would also have obvious benefits for the recipient.

WORK AND CHILD CARE EXPENSES

The Omnibus Budget Reconciliation Act of 1981 and its accompanying regulations applicable to the AFDC program, require states to severely restrict the work incentives and expense deductions allowed to wage earning AFDC recipients. Included in these changes is a provision to limit consideration of the \$30 plus 1/3 earned income deduction to a period of four months and provisions to place limits on the maximum deductions for child care and work expenses. The only area where states have an option is the level of work and child care deductions allowed to part-time workers. In this regard 45 CFR 233.20(a)(11)(b)(1)(i), provides that states must establish a lower work and child care expense deduction for part-time workers. The allowances for full-time workers, defined by the Department as people working more than 129 hours per month, are \$75 and \$160 per month respectively. The work expense allowance is a flat \$75, while the child care allowance is dependent upon the actual expense paid by the wage earner for each child.

Recently, the Council on Social Services adopted a maximum child care allowance for part-time workers of \$159 per child per month. The Task Force applauds the Council for this decision. However, the Task Force encourages the Department to go a step further and increase the maximum work expense allowance to \$74 per month. An acceptable alternative that appears to be allowed under the regulations would be to allow up to \$74 per month for the actual work expenses of the part-time worker.

LUMP SUM INCOME

Federal law now requires states not only to consider lump sum income as income to an AFDC unit for the month in which it is received, but also to project the lump sum to meet future needs. This change significantly alters the previous method of treating lump sum income. (i.e., Income in the month in which received with the remainder considered as a resource thereafter.)

Initially, questions are raised with regard to the way in which the State of Iowa would treat lump sum SSI and insurance settlements or judgments for medical expenses. Those questions, however, have been resolved and will be exempted as both income and resources. However, lump sum retroactive social security benefits will be treated as income both in the month received and in subsequent months. The Task Force believes that such treatment is inequitable and probably in conflict with other provisions of the Social Security Act restricting certain income to the specific use of beneficiaries.¹⁷ The Task Force recommends that the Department allow AFDC families to elect to exclude social security beneficiaries from the eligible group as was permitted under previous policies.

FOOD STAMPS AND HOUSING SUBSIDIES

States are permitted, but not required, to count food stamps and housing subsidies, in part, as income received in computing the amount of AFDC a family is eligible for.¹⁸ If a state elects this option, the amount counted cannot be greater than the amount of food stamps and/or housing subsidy or the amount considered as the allowance for food or shelter in the AFDC grant, whichever is the lesser amount. EXAMPLE: In Iowa, the Department considers that included in the AFDC grant for a family of three (\$360) is \$125.67 for food and \$93.09 for shelter (excluding utilities). Under this provision, if a family of three received \$100 in food stamps, their grant would be reduced by no more than \$100. If the family received \$126 or more in food stamps, their grant would be reduced by no more than \$125.67. Likewise, a housing subsidy for a family of three in any amount less than \$93.09 would cause a dollar for dollar reduction in the AFDC grant. A housing subsidy in any amount above \$93.09 would cause a reduction up to \$93.09.

It is the recommendation of the Task Force that food stamps and housing subsidies not be considered in determining AFDC eligibility or amount of assistance. The Task Force believes food stamps and housing subsidies have been considered when the Legislature has taken action to increase AFDC grants, and to consider them as income would have the same result as decreasing the state's Standard of Need. AFDC families would suffer a substantial loss of purchasing power.

CHILD SUPPORT RECOVERY

The Task Force generally supports the aggressive pursuit of child support on behalf of children who are not receiving such support from their absent parent(s). However, the Task Force feels strongly that more and better efforts should be made to help collect support on behalf of children who do not receive AFDC benefits. Newly adopted federal regulations provide increased incentives to states for more aggressive recovery attempts on behalf of households not receiving assistance, by allowing states to retain up to 10% of any recovered amount for such households.

The Task Force recommends that the Child Support Recovery Unit develop a well-publicized program to assist those families who are no longer eligible for AFDC in the recovery of child support payments. Priority should be given to providing assistance to those families who lost their AFDC as the result of the 150% of need cut-off.

EARNED INCOME CREDIT

The Omnibus Budget Reconciliation Act of 1981 requires States to count as earned income the amount of the earned income credit advance payments a family is entitled to receive, whether or not those payments are actually received. The Task Force believes that the Department should be cautious in implementing the earned income credit regulations published in the September 21st Federal Register.

Federal regulations impose upon States the responsibility for determining whether families are eligible for advance earned income credits and, if eligible, the amount thereof. The Task Force believes that states have some flexibility in adopting procedures to be utilized in implementing these provisions and urges that all due care be taken in designing those procedures to ensure that family eligibility and the amount to be received are absolutely accurate. Any subsequent adjustments to compensate for errors made by Department personnel are likely to be inadequate to off-set resulting harm.

Additionally, the Task Force notes that the Department's Manual Letter (No. IV-B(3)-4) implementing the new regulations specifies in definitive language that the only exception to the consideration of potential advance earned income credit is when the employer refuses to process the necessary forms. The federal regulations, however, require exemptions whenever the recipient cannot receive the credit for documented reasons and employer

STEPPARENT INCOME

Recognizing that families in which there are stepparents frequently have little disposable income because of support obligations for other dependants, the Task Force urges the Department to ensure maximum participation in the ADC program by stepparent families. In practical terms, the Task Force believes that such encouragement can best be provided by making certain that stepparent families take full advantage of the income disregards for payments made to dependents who reside outside the home, e.g., child support and alimony. The availability of these deductions should be communicated to the recipient population and the monthly reporting form should clearly and explicitly solicit such information.

An additional concern of the Task Force revolves around the negative impact on some stepparent families of the Department's limitation on work-related expenses for persons who are employed part-time. Federal regulations, however, specifically invite the States to establish amounts and procedures for determining the work expense allowance for part-time stepparent employees. The Department of Social Services has defined part-time employment as 129 hours or less per month and has apparently, in an arbitrary fashion, assigned the sum of \$46.00 as work related expenses for those employed part-time. The Task Force strongly urges the Department to take full advantage of the flexibility granted by federal regulation and permit the disregard of actual work expenses up to \$74.00/mo. for persons employed part-time.

GAINING INDEPENDENCE: THE EMPLOYMENT OF AFDC RECIPIENTS

The Task Force views employment which yields adequate income and benefits as the primary means by which AFDC recipients gain independence from public assistance. We believe recipients are willing to work to support themselves and their families. However, income and benefits from employment must be sufficient for them to stay off of public assistance. We also believe that a society which expects people to be self-supportive should provide people with opportunities to do so.

The Task Force does not see the proposed workfare programs as an answer to the issue of employment for AFDC recipients. Such "make work" projects have, the Task Force believe, been proven to not result in fulltime employment providing adequate income and benefits to AFDC recipients.

The Task Force, therefore, recommends that Commissioner Reagen and Governor Ray appoint a blue ribbon committee of prominent Iowa business and industrial leaders to examine how the private sector can employ AFDC recipients in jobs that provide the means to live independent of public assistance programs.

This committee should be adequately staffed and funded, either with state funds or private funds, to allow a thorough investigation of the reasons why AFDC recipients are not employed and how these problems can be solved. We believe that the Governor, his staff and the citizens of Iowa have proven themselves capable of tackling difficult tasks of this sort, as was evidenced by the Iowa Shares program, a program that successfully developed available resources for the benefit of Southeast Asian refugees.

RECIPIENT AND PUBLIC RELATIONS

The Task Force believes the Department should begin a two-pronged recipient and public relations campaign in regard to the AFDC and Food Stamp program. There should be little doubt that recipients of these programs are among the most maligned segments of our society. We believe that little, by way of program improvements, can be made in these programs until the public is provided with a reasoned and positive description of the programs and the people they serve. In addition, the Task Force believes that there is a need to provide Department staff with training on how to improve relations with the clients they serve. All too often, we have heard complaints from recipients regarding the treatment they have received from agency field staff.

The Task Force believes the Department should develop some public service announcements for both radio and television, emphasizing the positive aspects of the AFDC and Food Stamp programs and the people they serve. Such spots may provide the public with information and facts regarding the demographics of these programs; the large percentage of children who are served and the fact that recipients tend to rely on these programs for temporary periods following family crisis and/or breakdown. These PSA's could be made available for use by non-profit and public service groups such as:

Home Economics Extension Service

Intercom, a coalition of churches for the
purpose of working with the media

Iowa Council for Children and Families

NASW - Iowa Chapter

Iowa Women's Political Caucus

18. 45 C.F.R. 233.20(a)(3)(xi) & (xii).
19. Federal Register, Vol. 46, No. 182, Monday, September 21, 1981, Pages 46756 & 46757.

DEPARTMENT OF SOCIAL SERVICES TASK FORCE

TITLE XIX

The Title XIX Task Force on Medicaid Budget Reduction appointed by Commissioner Reagen met on Monday, November 2; Tuesday, November 3; and Thursday, November 5 to develop the recommendations contained herein. Members of the Task Force are as follows:

Donald Dunn, Chairperson
Clement Omeara
Buck Brock
Brad Engel
Cooper Parker
Fred Ferree
Eldon Huston
Drew Dinsmore
Robert Gibbs

Meeting with the Task Force providing staff assistance were Mary Brosnahan, Don Kasser, Kathy Kellen, and Gary Gesselman.

The Task Force reviewed its charge, namely to develop, analyze, and prioritize program adjustment options which are realistic, broad in scope and which will meet the program funding shortages predicted. The Task Force reviewed financial data provided by Mary Brosnahan and staff indicating that combined reduction in federal funding to Iowa and insufficient state funds causes a short fall in the Medicaid program expected for fiscal 1982 in the amount of \$8,600,000. This amount is a target figure to be dealt with in program reductions to be identified or by additional legislative supplemental appropriation. The Task Force process was as follows:

1. All possible program options identifiable were listed.
2. Those options with short range (fiscal 1982) potential were separated from those of long range potential (with little or no hope for implementation and impact on fiscal 1982). All options deemed to be potentially beneficial in meeting the Task Force charge for fiscal year 1982 were separated into two major categories:
 - a. Those recommended by the Task Force for pursuit and implementation to achieve Medicaid reductions in fiscal 1982.
 - b. Program options with potential for fiscal 1982 but not recommended by the Task Force.

This report sets forth below those program options recommended by the Task Force and other options considered but not recommended for consideration in fiscal 1982. The Task Force requests the opportunity to meet again for further consideration of long term program options with potential cost savings for 1983 and beyond. The program options recommended by the Task Force have equal priority. Estimated cost savings to the program are for the most part, expected to be accomplished from March 1 through June 30, 1982 recognizing that, with two exceptions, rule making process would need to be followed and March 1 was the earliest implementation date feasible to consider.

RECOMMENDATIONS	ACTION REQUIRED	IMPLEMENTATION DATE	SAVINGS	
			STATE	CLIENTS AFFECTED
1. Eliminate 18-21 year old group from coverage	Rules	March 1, 1982	\$ 117,207	800/month
2. Change of the "300% group" to a \$600 per month group eligible.	Rules/Legislation	March 1, 1982	Not available	Not available
3. Reduction of costs attendant to optional services by maximization of the co-pay provisions to the maximum allowable and establishment of utilization review criteria developed in conjunction with provider groups to reduce utilization of these services.	Rules	March 1, 1982	750,000	Not available
<ul style="list-style-type: none"> Drugs Dentists Other clinic services Rehab agencies Podiatrists Optometrists Chiropractors Physical therapists Psychologists Community mental health Opticians Equipment devices and supplies Hearing aids Orthopedic shoes 				
4. Pay hospitals lower rate for skilled care.	Rules	January 1, 1982	22,000	920 bed days
5. Pay hospitals the lower rate for intermediate care.	Rules	January 1, 1982	22,000	460 bed days
6. Pay SNF lower rate for ICF care	Rules	March 1, 1982	1,433	88 bed days

POSSIBLE TO IMPLEMENT FOR FISCAL 1982 NOT RECOMMENDED BY THE TASK FORCE

RECOMMENDATIONS	ACTION REQUIRED	IMPLEMENTATION DATE	SAVINGS	
			STATE	CLIENTS AFFECTED
1. Elimination of the 300 percent group.	Rules	March 1, 1982	\$ 3,600,000	
2. Elimination of the optional services as follows: Drugs Dentists Other clinic services Rehab agencies Podiatrists Optometrists Chiropractors Physical Therapists Psychologists Community Mental Health Opticians Equipment, devices and supplies Hearing aids Orthopedic shoes	Rules	March 1, 1982	2,594,999	
3. Eliminate intermediate care facility benefit.	Rules	March 1, 1982	11,400,000	15,500 per month
4. Rescind reserve beds days in ICF.	Rules	March 1, 1982	153,133	850 residents/mo

DSS TASK FORCE REPORT ON FY'82 TITLE XX FUNDING

It is interesting to note that the initial funding period in FY '76 for Title XX in Iowa was for nine months with a budget of \$33,482,593. In this present year for 12 months, it is anticipated that the budget will be \$33,142,334, assuming there are no further reductions at the Federal level. Six years from its inception we must program for 12 months instead of 9 months and for \$340,259 less. Also, in the first year (1976) a person was income eligible if the income was 80% of the Federal median income. It is now at 41.2% of Federal median income and will likely be lowered during this year.

Governor Ray, in his letter in the first Title XX State Plan stated, "*to maximize our effectiveness in the use of Federal dollars, State and local government and private organizations must co-operate.*" That concept is equally true today. We would like to even add that those three groups must proportionately share in the support of the necessary services to the people of Iowa, according to their tax base, tax resources, and ability to generate/raise funds.

Essentially, our Task Force was "*to develop, analyze, and prioritize program adjustment options which are realistic, broad in scope, and which will meet the program funding shortages projected.*" At the same time this was not "*an opportunity to urge State legislative action for more or less supplemental funding in certain areas.*" For the members of this Task Force who are committed to human services, these two charges represent somewhat of a conflict. We have tried to be responsible in our deliberations and conclusions. We believe our recommendations have amiably merged these two charges.

Our report is divided into three sections. The first prioritizes those recommendations we believe are feasible to achieve in this fiscal year so as to maintain full services at their present level. The second section sets forth several recommendations of equal importance which must begin to be developed/nursed now in order to be realized during the next fiscal year. The final section prioritizes recommendations to be implemented IF THE PREVIOUS TWO SECTIONS ARE UNATTAINABLE.

Our Task Force cannot emphasize strongly enough our belief that services must be maintained at their present level. It must be stated that money not spent does not always equate with savings. This is true from two aspects. Many times money not spent only increases human suffering and may, in fact, increase spending at a later time. A funding reduction, "*savings*", at one level of government means an expenditure at a lower level of government. We cannot change the fact that there will be a Federal

reduction of approximately \$5,371,220. However, we still have a choice regarding the State level expenditure for this fiscal year -- a choice that must not and cannot be dismissed lightly. It must be remembered also that the Boards of Supervisors' budgets are set for this fiscal year and cannot absorb the revenue losses without the State absorbing its proportionate share.

The first premise, money not spent may increase human suffering and increase costs later, is sometimes difficult to definitively document. It is known that physical/emotional abuse and neglect do increase as stress factors in the home increase. A family who needs services and/or financial assistance to survive and then has those services reduced or eliminated will find stress increasing. This includes families who must have their child in day care, has a family member who is retarded in a sheltered workshop, has a spouse in an adult day care program, or have a child in a residential program. When those stresses increase, we can expect an increase in abuse and neglect. Examples of savings accrued by Title XX are shown in the following paragraphs.

In Appendix 1, it is shown how Crossroads Mental Health Center has been able to provide high quality care to patients at a County Care Facility instead of Clarinda at a reduced cost, thus, saving both State and county money. Severe reduction in Title XX funding of community services such as one could force a return of those patients to Clarinda which is more costly and will increase the amount the Boards of Supervisors must pay.

High quality care at a reduced cost can also be provided in community-based facilities. The cost at Woodward State Hospital/School is approximately \$100 per day. In the Waterloo area, a client can be provided appropriate, quality programs for \$48 per day. This is a savings to the taxpayers of \$52 each day. Again, a further reduction in Title XX services may increase costs by returning those people to Woodward, force the Boards of Supervisors to increase their share of the costs, or deny services to the "truly needy".

In a report to Congress on mental retardation, it was stated that "*about 75% of the incidence of mental retardation is attributed to environmental conditions during early childhood*". It is already known that poor prenatal care/nutrition is found among teenagers and low-income families. Where there is inadequate or a lack of prenatal care, there is three times greater risk of a premature birth. With each premature birth there is a ten times greater risk of an abnormality. Severe

malnutrition, particularly during pregnancy and the first 6 months following birth, can substantially impair brain development. (See Appendix II)

In Comptroller General of the United States, Early Childhood & Family Development Programs Improve the Quality of Life for Low-Income Families HRD-79-40, February, 1979, it reports:

"The Advisory Committee on Child Development, established in 1971 at the request of the Office of Child Development (redesignated in 1977 as ACYF), in 1976 defined 'high risk' children as all those who were in families below the poverty line by Government definition (3.1 million) plus those in families with annual incomes between \$5,000 and \$7,000 where the mother works (600,000); there were therefore 3.7 million high risk children under the age 6 (in 1975)."

"Not only low-income families need help and support to assure adequate development of their children; however, they need help more than any other group. The conditions that low-income families experience probably account for poor child development. These conditions include a poor diet, crowded and noisy housing, a low level of education among parents, low intellectual expectations for their children, a general lack of books and toys within the home, and little emphasis on a good language development."

We are now beginning to see the results of some longitudinal studies on pre-school experiences. High/Scope Foundation's Perry Pre-School Project long-term study of early childhood education began in 1952. *"Taken against the cost of program operation, the benefits amounted to a 248% return on the original investment."* Children who attended this program did not require costly special education classes later and tended to perform better in other areas of their lives even into late adolescence and early adulthood.

Experience has demonstrated the validity of the second premise that a funding reduction at one level does not mean a funding reduction at a lower level. Last fiscal year the eligibility was reduced from 42% Federal median income to 30% from December 1, 1980, through June 30, 1981. This was an effort to reduce State spending by 4.6%. That meant that of the 15,974 clients eligible on November 30, 1980, 5,262 people were ineligible on December 1, 1980. Of that group, 2,654 had to seek alternative sources of services/funding. That was accomplished at an actual cost of \$1,468,355 of which the Boards of Supervisors paid \$1,027,779 or 70%. The State reduced its spending, but since the needs of the people were still there, the counties were obligated to increase their expenditures since many of the services were mandated.

There is the distinct possibility that the percent of Federal median income eligibility will be reduced to 30% on February 1, 1982. There would be a "savings" of \$2.3 million Federal dollars. This could reduce the amount of money the State spends. However, if both of the above do occur, a conservative estimate that the counties pay is \$2.1 million dollars above what has already been budgeted and expected to pay if services are still to be provided.

Due to the aforementioned, we believe the State, the Governor, and the Legislature must continue to fulfill its responsibility to the citizens of Iowa. The State, as well as the counties, must accept their proportionate share of the Federal appropriations reductions to prevent the "truly needy" from falling through the "safety net".

The Federal emphasis of the Block Grant concept is to shift the decision making/responsibility to the State. Therefore, the State must accept the baton, not drop it, and not pass it on until its leg of the race is run. If the State does not maintain adequate funding for the present service level, then it will be abdicating its responsibilities. That abdication, in fact, will be a deliberate decision to increase property taxes at the county level. With inadequate State funding, two choices are available to county government--increase taxes to maintain present services or maintain only State mandated services and eliminate those services which are needed, but not mandated.

Another problem faced by the State and the counties is the unsynchronized fiscal year with the Federal government, and the lateness into the fiscal year when the amount of Federal funds are known or actually appropriated. The State has the opportunity to ease the immediate impact of the suddenness of the Federal allocation reduction by maintaining services at their present level and then dealing with these reductions in an orderly and planned fashion. In this manner the differences in the fiscal years can be synchronized.

Lastly, we strongly implore that no funds be transferred from the Social Services Block Grant. Other block grants have more options to draw upon than this one. Title XX is already paying for the administrative costs of the service programs in DSS and with the same Federal regulations still governing Title XX, those costs cannot be reduced. The same human needs are still there; transferring funds out will only result in further increased costs to the counties.

RECOMMENDATIONS

Maintaining Services at Present Level: As stated previously, we believe all efforts should be made to maintain services at their present level. The following recommendations are listed in order of priority which can accomplish this goal.

1. The Legislature has set aside an "escrow account" through SF 563 to match the previously anticipated federal Title XX money. This amounts to \$1.8 million dollars. Since this has already been "allocated" for Title XX use, this should be kept for this purpose alone. Additionally, we recommend that it be distributed for local services as was the Mini XX money.
2. The state and counties should maintain, as a minimum, the same level of funding this fiscal year as last for Title XX. Again, if the state reduces its level of funding, the county must increase its amount which they are not in a position to do without tax increases at the local level.
3. Any surplus in Foster Care IV-B should be used to offset the Title XX deficit (Foster IV-B is estimated at \$1 million dollars).
4. Regarding the Economic Recovery Tax Act of 1981, the legislature must carefully consider the immediate impact on local property tax. Any less taxes during this or subsequent fiscal years and the implementation phase will bear directly on service reductions or property tax increases. Any changes in the Economic Recovery Tax Act which results in any increase in state funds should go toward the Social Services Block Grant.
5. Foster Care Recovery is another source which should be evaluated as a possible method of maintaining Title XX services. Presently, this is a voluntary process with no method of enforcement nor any incentive to collect. We recommend the law be modified as in child support recovery to have a uniform support, that is, basing fee on income plus ability to pay and allowing garnishment of wages and collection through income taxes.
6. Child Support Recovery is presently being done and may amount to \$500,000 to \$1.5 million which could again be used to offset some deficits. Under present federal regulations, a portion of the amount collected reduces the amount of federal dollars. Two efforts should be made. There should be an attempt to change the federal regulations so that appropriations for AFDC

Recommendations continued

would not be reduced according to Child Support Recovery funds. Also, if the state could increase its efforts in efficiency and in staff available, more money could be recovered, thus, increasing the available funds for programs. The state should re-establish for non-public assistance clients a collection fee for Child Support Recovery and use those monies to offset Title XX deficits.

7. We would request that the allowable 10% be transferred from the Energy Assistance Grant to the Social Services Grant. We recognize that any available funds will be unknown until spring. If there is a surplus it should be transferred to the Social Services Grant. This is the only block grant from which Title XX can draw and the transfer would help offset the Title XX deficit so that full services could be maintained.
8. Develop a sliding fee scale for service recipients based upon income and family size.
9. The Department of Field Operation is undergoing a reorganization. Its final configuration is unknown. However, it should result in a decrease in expenditures. Therefore, we recommend the present appropriated level be maintained this year and next and that the difference between the actual expenditures and the appropriated level be utilized for Title XX services.
10. Because of the uncertainty of the impact of the new federal regulations and the amount appropriated, there may not be any surplus in AFDC this fiscal year. Should such a surplus materialize, we recommend that Title XX and Title XIX should proportionately share any surplus since many Title XIX recipients receive Title XX services, also.
11. It is recommended that the administrative costs at the state and local level used from the Social Service Block Grant not exceed 5% and that all remaining money go for direct or purchased services. A specific definition of what constitutes administrative cost must be developed.

Recommendations continued

Immediate Efforts to Realize Longer Range Benefits: The following recommendations are all of equal importance and are not ranked according to any priority. However, in order to realize the benefits by or within the next fiscal year, efforts must begin now.

...There are many regulations at the state level which seem to be unnecessary and/or costly regarding their benefits or desired results. These regulations affect programs, singularly administered or programs involving several State Departments. Examples of some dual administered programs are Day Care, Homemaker/Health Aide Programs, Residential Programs, and others. Also, it is unclear as to which federal regulations have been lifted and which state regulations are still in effect. The timing necessary under the Administrative Procedures Act can result in increased costs to the state and should be re-examined to ascertain the benefits and disadvantages of the established procedures.

The following is an excerpt from a letter of the Iowa Association of Private Residential Facilities for the Mentally Retarded, dated May 22, 1981, to Governor Ray.

"Historically the Department of Health has been involved with medical type facilities. In the past few years emphasis has been placed on programs for the mentally retarded. The programs are the Residential Care Facility for the Mentally Retarded (RCF/MR) and the Intermediate Care Facility for the Mentally Retarded (ICF/MR. The individual in the RCF/MR, by licensing regulations, may not require nursing care nor have any acute medical problems. However, through the regulations or interpretation of the regulations, the medical model has been perpetuated in these facilities. We believe in providing quality living arrangements with good health standards, but feel that the heavy medical emphasis is unnecessary, costly and presents an image of a nursing home or hospital-like atmosphere. Proper health standards can be maintained without heavy medical model emphasis."

"I indicated that the programs are funded through the approval of the Department of Social Services and the County Boards of Supervisors. The Department of Social Services is mandated to monitor an agency's program content and quality. We have found that the Department of Health also monitors program content and quality in adult residential services. This appears to be a duplication of staff time which is costly, especially in these economic times."

Recommendations continued

"There are times when conflicts arise in the requirements of the two departments. This places the facility in a position of being unable to meet the expectations of both departments simultaneously."

"The members of the IARPFMR feel that to prevent any unnecessary conflicts of expectations and duplications of staff and time that the departments agree upon certain responsibilities. We recommend that the Department of Health confine it's surveys to the general health of the clients and physical condition of the facility. The Department of Social Services should be responsible for the monitoring of the program content and quality."

Also, Appendix III is a subcommittee report of the Title XX Advisory Committee dated December 6, 1979. In this area there are a number of other specific items which need to be addressed.

There are examples that could be cited in other fields, but they will not be for the sake of brevity. Therefore, it is our recommendation that an appropriate number of task forces be appointed to study and recommend changes to take effect by July 1, 1982. These task forces should be comprised of representatives of the necessary state departments, providers, private funders, consumers, and county governments. Since these task forces will cut across different state departments/programs, their appointment must be made by the appropriate authority.

...The potential economic impact upon the state and especially the county governments has already been stressed. Therefore, local match, other than just the county, must be sought. This process must be started now in order to realize any new funds even in FY '83. Local match may include a combination of funds from the county, United Ways, corporations, foundations, etc.

...As a users fee has been recommended in the previous section, such an action may place hardships on those whose income is slightly over the eligibility guidelines. In order to alleviate this situation or to prevent an individual or family from being denied services, a concerted effort must begin immediately to locate individuals, organizations, or corporations to sponsor a client(s) by paying their users fee or to pay the full fee for a client's services.

Recommendations continued

- ...In the tight economic times which we are experiencing, it is a necessity that both public and private human service providers critically review their agencies with the goal of reducing their administrative and general operational expenses through more cost efficient methods. We believe this can be done without reducing program quality or the number of clients served. Often times, especially for smaller, private agencies, the cost of consultants can be too expensive or any savings realized may not be offset by the expenses. To this end, voluntary resources could be developed from such groups as Chambers of Commerce, SCORE- Iowa Manufacturers Association, Iowa Taxpayers Association and private corporations. This recommendation could be aided through the completion of the taxonomy process begun by the Department of Social Services.
- ...Another possible resource to maintain present services would be to encourage specific fund raising projects. For those agencies who receive allocations from a United Way, there would have to be a modification of the United Way policy to allow a member agency the flexibility to engage in fund raising.
- ...Corporations and foundations receive numerous funding requests. Often times the requests total more than the amount available and they may have insufficient data or studies to make decisions on the greatest need/priority or efficiency of operation of the agencies requesting funds. Committees/task forces, acting as a clearing house, should be developed for an area/region to identify and prioritize the needs. This group, however, should not make the decision as to which agency should receive funds, but it should conduct studies and provide information to the corporations and foundations. Through such a process a pooling of some monies for matching purposes could be developed.
- ...The present policy within the state agencies of rewarding staff for cost saving ideas should be continued and emphasized, and such savings returned to the appropriate department.
- ...A federal law allows corporations a tax incentive and/or a tax deduction to provide day care services to its employees. This must be encouraged and pursued in coordination with existing day care providers.

Recommendations continued

Dealing with Reduced Funding: Again, we must stress, these recommendations are seen as "*a last resort*" and to be implemented only after the above methods to maintain services at their present level have been exhausted. The following options are ranked in order of their priority.

1. Even though there is a reduction of federal funds, there must be a maintenance of effort by the state if we are to avoid a devastating impact on the clients, the county governments, and private human service providers and funders.
2. To reiterate, DSS central office administrative expenses must be reduced. We recommend that the central office operations be reviewed and assessed on the same 0-base process as was used in the Department of Field Operations. This would seem very important, especially if the federal regulations governing such operations are reduced or eliminated.
3. Reduce the percent of federal median income for eligibility, but not below 30%. This would still allow those receiving only SSI or AFDC to be eligible for Title XX services. Resources should be considered as well with a limit of \$5,000 for the first person in the family and \$500 for each additional person. If the latter is used, the administrative cost for determining resources must be evaluated whether verification or a declaratory statement is required.

Using the 30% of federal median income, two factors must be recognized. If this is changed, it cannot become effective, at the earliest, until February 1, 1982. If it is implemented at a later date or if there is a further reduction in federal funds, it may be necessary to draw into the last quarter of federal FY '82 for this state fiscal year operations.

If the 30% figure is implemented February 1, 1982, there would be approximately \$2.3 million dollars of federal money not spent. As noted previously, this would cost the counties approximately \$2.1 million dollars if the state did not pick up a proportionate share.

4. Even with a reduction, we recommend a users fee be established based on a sliding fee schedule.

Recommendations continued

5. Maintain the present allocation/decision making process of local determination for funding programs.
6. A process should be developed to allow the Purchase of Service Providers to negotiate to provide a specified number of units of service in turn for a guaranteed budget amount and allow the provider to make up any deficits/differences without a penalty. This would benefit the Department and the provider as they would each know the exact annual expenditures and income, respectively.
7. As was stated in the preceding section, an appropriate number of task forces must be appointed to study and recommend changes in state regulations which are duplicative, inappropriately costly, or do not meet their intended purposes with this being completed by July 1, 1982.
8. There needs to be a continuation of monitoring and assessing clients as to the appropriateness of their program, benefits derived, maintenance or improvement of skills. If the Placement Agreement as described and recommended by the State Core Planning Committee was adopted, the above concerns would be satisfied.

This report, because of the time constraints, is not as comprehensive as the Task Force members would have preferred in regard to the detailed explanations and supporting data. We do appreciate the opportunity to have had this input.

Members: Lynn Cutler
Martin Dettmer
Judy Dierenfeld
Julie Van Gorp
Joanne Lane
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10/23/81

MS. JUDY DIERENFIELD
1724 CENTER
WEST DES MOINES, IOWA 50265

Dear Judy:

With respect to current Title XX funding and its ramifications the following is a good example:

Currently Crossroads is serving ten(10) chronic care patients at the Adams County Care Facility - Corning, Iowa. All ten of these residents were at Clarinda State Hospital prior to instigation of our services with the help of Title XX funding. Average stay at Clarinda for the 10 was probably close to 2 years with no community placement likely before we started the program.

Dollars and cents figures indicate the following:

Title XX payments to Crossroads for care fo these ten residents during July, August, and September 1981 - \$3467.97.

Cost of care if they had remained at Clarinda @ \$95.00 per day current - \$85,500. Of this the State would have paid 20% or \$17,100 and the county would have paid 80% or \$68,400.

County cost for care at the facility @ \$400 per resident per month - \$12,000.

Net savings of Program to Counties - - - - -	\$56,400
Net savings of Program to State - - - - -	\$17,100

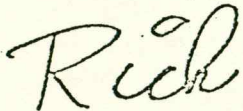
TO: MS. JUDY DIERENFIELD(CON,)

These figures are for one quarter - 3 months. Also the cost at Clarinda Mental Health Institute have gone up from \$55.00 per diem to 95.00 per diem in one year and this is likely to go higher. I want to emphasize that these people were not dumped. Through Title XX monies we have been able to provide high quality care with the residents seeing a psychiatrist more often now than when they were at Clarinda!!

We do have other programs that are partially supported by Title XX and although the cost savings would not be as dramatic, I can assure you the services to the residents of this area do have a strong positive effect.

I hope this information will help you clarify some of the issues your committee is facing. If you have any further questions please feel free to contact me.

Sincerely,



R. Richard Rice, A.C.S.W.
Executive Director

RRR/cb

Iowa Impact Estimates
In View of Budgetary Reductions to
Family Planning Services

Report to the
Social Services Block Grant Task Force

October 13, 1981

prepared by

Laurie E. Sorensen, M.Ed.
Executive Director
Reproductive Health Development Corporation

TABLE 1

IOWA FAMILY PLANNING FUNDING

	<u>FY'82</u>	<u>FY'83</u>	<u>Cutbacks</u>
(Federal) Title X	1,808,800	1,447,040	(361,760)
Special Initiatives	223,931	0	(223,931)
(State) Title XX	195,000	156,000	(39,000)
Title V	150,000	0	(150,000)
	<hr/>	<hr/>	<hr/>
	2,377,731	1,603,040	(774,691)
			<u>33% reduction</u>

TABLE 2

Projections on impact to Iowa Family Planning client population (based on last year's figures)

	TOTAL	LOW AND MARGINAL INCOME
Total FP users, FY 81	55,359	37,171
Total unserved clients	11,072	7,418
# pregnancies within 1 yr. (1)	9,965	6,676
# miscarriages (2)	1,295	868
# births (2)	3,488	2,336
# abortions (2)	5,182	3,472

(1) Based on statistics from, Contraceptive Technology, by Robert Hatcher, M.D. et al, 1980-81, 10th edition, page 4, Table 1.

(2) Based on national averages compiled by the Alan Guttmacher Institute, A Corporation for Research, Policy Analysis and Public Education, "Issues in Brief" Vol. 1, No. 7, May 1981, Washington, D.C.

TABLE 3

1st Year Public Sector Expenditures Saved as a Result of Publicly Subsidized Unintended Pregnancies Avoided.

	Estimated (2) Cost per Publicly Subsidized Unintended Pregnancy Avoided	Possible Iowa Expenditures for 2,336 births
Births		
Obstetric & Gynecological Care	\$ 1,854	\$ 4,330,944
Pediatric Care	618	1,443,648
AFDC	1,191	2,782,176
Other Social Services	311	726,496
Food Assistance	274	640,064
Housing	<u>43</u>	<u>100,448</u>
Total Projected Expenditures	\$ 4,291	\$10,023,776

Until Congress decides on specific allocations of dollars to social service programs, it is difficult to estimate regional impact. This report considers the reductions that are definitely anticipated, at present, for Iowa family planning services. It concludes that the burden these reductions will incur on the Iowa public is easily in excess of \$10,000,000.

Generally, family planning funding is expected to be reduced by 33% (See Table 1). Services can be expected to be reduced by 20%, a conservative estimate, leaving 11,072 clients without services. At least 7,418 of this population will be low and marginal income.

Based upon national averages and statistics, it is possible to determine probable numbers of pregnancies, miscarriages, births, and abortions (See Table 2). Also, based upon national average costs, it is possible to determine an approximate cost to the public due to the increase in births to low income mothers of Iowa. (See Table 3).

The estimated state cost of \$10,023,776 speaks only to the monetary burden that would be caused by a reduction in family planning funding in Iowa. Needless to say, the impact of 9,965 pregnancies, 1,295 miscarriages, 3,488 births and 5,182 abortions upon the personal lives of fellow Iowans is beyond words.

At the time of this writing, Title XIX figures and expenditures for family planning were unavailable and therefore not computed into the total impact picture reported here.

Reproductive Health Development Corporation is a private, non-profit "umbrella" corporation seeking to provide family planning services to Iowa people all across the state, through federal grants and private foundations.

All questions concerning the contents of this report may be addressed to Laurie E. Sorensen, Executive Director, Reproductive Health Development Corporation, Suite 201, 3810 Ingersoll Avenue, Des Moines, Iowa 50312, (515) 277-6422.

ATTACHED AS
TITLE XX RULES AND REGULATIONS SUBCOMMITTEE MEETING

December 6, 1979

The Title XX Rules and Regulations Subcommittee met on the afternoon of December 6, 1979, and reviewed eight requested questionnaires sent to 30 providers.

The following comments were noted on the questionnaires regarding specific difficulties:

1. Regulations are counterproductive in relation to principles of normalization and least restrictive environment.
2. The Department of Social Services varies with the Department of Health.
3. Too oriented toward nursing care.
4. The "medical model" is not appropriate, but it is often assumed that our facility is serving people who need services due to their state of health.
5. Our primary problem is with our residential program which comes under the auspices of the State Health Department, the fire marshal's requirements and local zoning and building ordinances.
6. . . . many of the rules are interpreted by surveyors in a strict medical model.
7. Sometimes it seems as though some like to see the retarded living in an enclosed, sterilized bubble.
8. There are many other areas which we must document in writing which takes up staff time and we question its legitimacy.
9. . . . we must have a detailed written procedure as to how we dispose of "soiled linen." I could go on about other areas of ludicrous documentation which increases staff time and consequently the cost.
0. The Health Department is concerned with medical needs rather than program needs.
1. . . . treat small facilities as large institutions.
2. Fail to recognize normal request of resident.
3. Requirement of work activity center to meet Council for Accreditation of Rehabilitation Facilities (CARF) regulations.

The following assessments were made:

1. Rules and regulations are in fact factors in administrative work, consumption of staff time and increased costs.

This is not an accusation that rules and regulations are bad. It is a simple statement that rules and regulations have an impact on unit costs.

In an effort to assure quality services in a safe environment to the greatest number of people on a cost effective basis, rules and regulations are created to that end. And, in this process over a period of time massive rules and regulations have resulted and are viewed as the means to accomplish the various departments' original intent and purpose.

While the intent and purpose may be noble and honorable, the end result has been a confused, massive, time-consuming, expensive system of service delivery on all levels - legislative, state department, provider and consumer levels.

The identified symptoms include, but are not limited to the following:

- a. A scapegoat system has developed - provider blaming the departments, the departments blaming the legislature or federal agencies, state legislature blaming the federal legislature, or any combination of these, etc.
 - b. Turfdom prevails - the Health Department, the Department of Social Services, the fire marshal's office, the providers and the Health Systems Agency (HSA) become protective of their rights, their responsibilities and their interpretations. This is further complicated by intra-agency or intra-provider or intra-governmental turfdom.
 - c. Duplication, inconsistencies and differing interpretations have resulted in a hodgepodge of confusion.
 5. Specific examples of why we are where we are today, include:
 - a. Both the Health Department and the Department of Social Services having licensing responsibilities - one for children, the other for adults.
 - b. The Health Department having licensing responsibility for adult programs where the Department of Social Services has programming and fiscal responsibilities.
 - c. The Health Department being medically oriented, whereas the Department of Social Services is more service oriented.
 - d. The multiple duplicate reviewing systems.
 - e. The duplication and conflict of standards that exists.
 - f. The notion that the writing and enforcement of rules and regulations are going to accomplish the different purposes.
 - g. The lack of hard data on which to make rational and wise decisions.
 - h. Ongoing turnover within the departments' committees.
- The following recommendations were made:
1. It is recommended that licensing systems be overhauled and that the process be started to accomplish this. Objective: Get a single state agency designatory.
 2. It is recommended that in the interim pull together those various involved departments and come to some consensus. Objective: To eliminate duplication, differing interpretations and multiple review systems.

December 5, 1979

-3-

3. It is recommended that we recognize that massive rules and regulations are not accomplishing the intended purposes. Consequently, we must look towards new and better systems of accomplishing our purposes. Objective: To come up with realistic and workable guidelines and a system that is within the possibilities of the funds available.
4. It is recommended that a decision be made and the system worked out whereby accurate and meaningful data can be collected and communicated. Objective: To be able to make decisions on accurate data at all levels - legislature, departments and committees.

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