FISCAL UPDATE September 11, 2000

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Revenue Estimating Conference



**REC Meeting** The Revenue Estimating Conference (REC) met August 18 to review the FY 2001 General Fund revenue and refund estimates. Members of the Conference approved minor revisions to individual revenue classifications, but the overall revenue estimates remained nearly the same as adopted in April. Estimated FY 2001 refunds remained at $532.5 million.

**FY 2001 Estimate** The August REC FY 2001 total receipts estimate of $5.290 billion is an increase of $13.4 million compared to the estimate adopted in April. The new estimate represents an increase of $192.7 million (3.8%) compared to actual FY 2000 total receipts. Because the refund estimate was not changed, the net receipts estimate (total receipts less refunds) also increased by $13.4 million. The two significant factors impacting the revenue estimate were an adjustment to match the estimate to FY 2000 actual revenues, and a reduction of $13.0 million in estimated miscellaneous receipts.

**FY 2002 Estimate** The REC will develop an estimate of FY 2002 total receipts and tax refunds at the next meeting, tentatively scheduled for October.



**Gambling Revenues** Also, the REC revised upward the estimates for FY 2001 gambling revenues transferred to other State funds by $0.3 million to $131.5 million. Gambling proceeds to the General Fund are statutorily capped at $60.0 million and that amount is included in the FY 2001 total receipts estimate. Of the $131.5 million, the first $15.0 million will be deposited to the Vision Iowa Fund, the next $5.0 million deposited to the School Infrastructure Fund, and the remainder deposited to the Rebuild Iowa Infrastructure Fund (RIIF). The REC estimate of Lottery funds transferred to the General Fund was unchanged at $34.5 million.

**By Source of Revenue** The spreadsheet below details the latest REC estimates by source of revenue.

Revenue Estimating Conference



August 18, 2000

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Section 8.39 Transfer to the Medical Assistance Program

**Appropriation Transfer** On August 17, the Department of Management submitted notification of a proposed Section 8.39 transfer of up to $8.5 million to the Medical Assistance Program from various State agencies. The transfer is proposed because expenditures for Medical Assistance are projected to exceed the appropriated amount due to:

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* Higher than anticipated nursing facility expenditures.
* Higher than anticipated hospital service expenditures.
* A legislative reduction of $1.5 million compared to the Governor’s funding recommendation.

**Sources of Funds** The Department of Management has proposed the following State agencies transfer funding to the Medical Assistance Program:

* Department of Human Services - $3,500,000
* Attorney General (Consumer Advocate) - $100,000
* Department of Commerce - $1,070,000
* Department of Corrections - $1,439,000
* Department of Economic Development - $50,000
* Department of Education - $250,000
* Department of General Services - $260,000
* Department of Inspections and Appeals - $900,000
* Department of Management (salary adjustment) - $281,000
* Department of Natural Resources - $50,000
* Department of Public Health - $50,000
* Department of Public Safety - $100,000
* Department of Revenue and Finance - $50,000
* Information Technology (Y2K) - $400,000

STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

Community-Based Corrections Appropriations Transfer

**Allocation Transfer** The Legislative Fiscal Bureau received a notice of an allocation transfer under Section 905.8, Code of Iowa.



**Reason for Transfer** The Sixth Judicial District Department of Correctional Services (DOCS) had an unanticipated cost for the purchase of a telephone system. The Eighth Judicial District DOCS proposes to transfer $40,000 from its FY 2000 budget to the Sixth Judicial District DOCS for this purchase. The Eighth Judicial District DOCS has funds available to transfer due to salary savings from vacancies, savings in the operating budget, plus local revenue exceeding budgeted projections.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Department of Natural Resources Requests 8.39 Appropriations Transfer

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**Appropriations Transfer** The Legislative Fiscal Bureau received notice of a transfer of FY 2000 funds by the Department of Natural Resources as required by Chapter 8.39, Code of Iowa. The Department intends to transfer a total of $160,000. The following Divisions will be affected:

* The Parks and Preserves Division will receive $150,000.
* The Environmental Protection Division will receive $10,000.
* The Administrative Services Division will transfer out $100,000.
* The Forest and Prairies Division will transfer out $40,000.
* The Energy and Geology Division will transfer out $20,000.

**Rationale for Transfer** The transfer to the Parks and Preserves Division is to cover additional costs for part-time summer help and maintenance activities. The Environmental Protection Division needs funds, as the federally funded Water Quality Planning Program has not received enough funds to cover expenditures for FY 2000.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Agriculture & Land Stewardship Requests 8.39 Appropriations Transfer

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**Appropriations Transfer** The Legislative Fiscal Bureau received notice of a transfer of FY 2000 funds by the Department of Agriculture and Land Stewardship as required by Chapter 8.39, Code of Iowa. The Department intends to transfer a total of $160,000. The following Divisions will be affected:

* The Administrative Services Division will receive $170,000.
* The Dairy Trade Practices account will transfer out $27,000.
* The Dairy Products Control account will transfer out $50,000.
* The Fertilizer account will transfer out $67,000.
* The Commercial Feed account will transfer out $10,000.
* The Pesticide account will transfer out $16,000.

**Rationale for Transfer** The transfer to the Administrative Services Division will pay for the additional costs necessary for renovation of office space vacated by the former Animal Health Laboratory. The Administrative Services Division had two positions authorized during the last Legislative Session without any additional funding.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Legislative Fiscal Committee



**Meeting in Eldora** The Legislative Fiscal Committee met on September 6 at the State Training School in Elodra. The Committee discussed the following:

* Presentation by Eldora Superintendent Steve Huston including enrollment statistics and use of the ICN for classes.
* Revenue Update - Dennis Prouty, LFB.
* Update on Vision Iowa Board meeting held August 9 – Dwayne Ferguson, LFB.
* Update on Tobacco Securitization – Dennis Prouty, LFB.
* Appropriations transfers since the last meeting.
* Up to $170,000 to the Department of Agriculture and Land Stewardship, Administrative Services Division, from the Department of Agriculture and Land Stewardship, various divisions.
* Up to, but not to exceed $160,000 to the Department of Natural Resources, various divisions, from the Department of Natural Resources, various divisions.
* $40,000 to the Department of Corrections, Sixth Judicial District, to the Department of Corrections, Eighth Judicial District.
* $8,500,000 to the Department of Human Services (DHS), Medical Assistance Division, from various State agencies.



* Update on federal funds received by the Department of Human Services, including Long-Term Care funds – Deb Anderson and Sue Lerdal, LFB.
* ***Issue Review*** – Update on Iowa’s Children’s Health Insurance Program, Deb Anderson, LFB.
* ***Issue Review*** – School Liaison Program, Sue Lerdal,
* Report concerning relocation of 30 boys at Toledo, Jeff Terrell, Bureau Chief, Adult, Children, and Family Services,
* Discussion about obtaining outside critiques of certain aspects of State government. The Legislative Council has authorized the Fiscal Committee to pursue critiques at a reasonable cost if a majority of the Fiscal Committee members (i.e., a majority of each caucus) approves the expenditure.
* The Committee toured the following new facilities at the Eldora institution:
1. Corbett-Miller and Building
2. A. E. Shepherd Building
3. Arlene Dayhoff Education Complex

**Next Meeting** The next meeting of the Fiscal Committee is scheduled for September 26 at the University of Iowa. Agenda items include:

* Update on salary adjustment – follow-up from questions at August 2 meeting. Randy Bauer, Budget Director, Department of Management



* Deferred maintenance and fire safety
* Regents capital project requests for FY 2002
* Indirect cost recovery funds - five-year historical
* Treasurer's Temporary Investments - past uses and future plans
* Tuition increases (planned increases will be announced at the September Board of Regents meeting)
* Salary adjustment and health insurance shortfalls - impact to the universities and plans to absorb these
* Budget ceiling increases
* Tour - to include the following buildings:
1. Biology Building
2. Art Building
3. Medical Education and Biomedical Research Facility
4. Engineering - Seaman's Center

STAFF CONTACT: Holly Lyons (Ext. 17845)

Tobacco Settlement Authority Meeting

**Meeting** The Tobacco Settlement Authority met September 5 at the State Capitol Building. State Treasurer Michael Fitzgerald stated that eight firms responded to the Request For Proposal (RFP), which was issued to select a financial advisor. Interviews will be conducted during the next 10 days, with the intent to make a recommendation on which firm to hire by mid-September.

**Financial Advisor** The selected financial advisor will provide financial expertise to the Tobacco Settlement Authority, in order for the Authority to create a program plan. The financial advisor will be able to provide the expertise regarding various financial options, such as the feasibility of selling the tobacco settlement proceeds to the tobacco companies or to insurance companies.

**Other States** Georgia and Alaska have issued securities for their tobacco settlements. South Carolina will issue securities in November. Florida is studying the feasibility of securitizing its tobacco settlement.

**Recommendation** The Tobacco Settlement Authority plans to make a recommendation, or provide options for securitizing Iowa’s tobacco settlement, to the General

 Assembly and Governor by mid-November. The next meeting of the Tobacco Settlement Authority is October 2.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Dennis Prouty (Ext. 13509)

Vision Iowa Board Meeting

**Board Meeting** The Vision Iowa Board held its second meeting on August 9 at the Department of Economic Development (DED). The major topics discussed included:



* The Community Attraction and Tourism (CAT) Program. In FY 2000, the Program received an appropriation of $12.5 million from the Rebuild Iowa Infrastructure Fund (RIFF) and allocated $1.2 million of these funds for out-of-state advertising. Nancy Landess, Tourism Division Director, presented information showing increased phone calls and website requests associated with the promotional campaign. Ms. Landess continued with a discussion of the program applicants and awards for FY 2000.
* Administrative Rules for the Community Attraction and Tourism (CAT) Program. The Vision Iowa Board reviewed and amended the draft of Administrative Rules and passed them to the Economic Development Board for approval and promulgation. This step is necessary because the Vision Iowa Board is not authorized to adopt Administrative Rules, but the Department of Economic Development does have the authority. The Rules address program definitions, eligibility criteria, types of awards, wage and benefit requirements, non-financial support as local match, project proposal evaluation criteria and ratings, and DED staff responsibilities.
* Administrative Rules for the Vision Iowa Program (VIP). The VIP Rules are similar to the CAT Program Rules, including definitions, proposal scoring system, and the responsibilities of the DED staff.
* Program Implementation. The Board plans to follow the regular rule-making process for adopting Administrative Rules rather than filing emergency rules. Since the earliest date the Rules can become effective is December 20, the initial round of awards will most likely be after January 1, 2001. The Board plans to begin receiving and reviewing project applications after the application form has been developed but before the Administrative Rules have completed the review process. Awards will not be made until the Administrative Rules are in place.

**Next Meeting** The next Board meeting is September 13. C. J. Niles, DED Director, announced that she anticipates the VIP Board staff person authorized for FY 2001 will be hired before the next meeting.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Environmental Protection Commission Holds Meeting

**Commission Meeting** The Environmental Protection Commission held their monthly meeting on August 21 in Des Moines. The following items were presented:

* Lyle Asell, Interim Director, Department of Natural Resources, provided an update on the Water Quality Initiative. The following were included in a report distributed:



* Administrative rules are being developed for the Septic Tank Assistance Program and will be finalized in October. Rural homeowners will work with county health officials to obtain a permit to renovate their septic system.
* Funds have been allocated to soil and water conservation districts for the Soil Conservation Cost Share Program.
* Agencies and organizations have discussed the goals for the Buffer Strip Initiative Program and implementation is expected to begin in August.
* The Department of Natural Resources (DNR) is coordinating Water Quality Monitoring Program efforts with advisory groups and the federal Environmental Protection Agency.
* Searches are being conducted to hire contract employees to improve water quality planning, standards, and assessments.
* An advisory committee has approved the draft proposal for the Conservation Reserve Enhancement Program (CREP).
* The DNR is developing a Total Maximum Daily Load (TMDL) network in Jasper, Linn, Jefferson, Decatur, and Monroe counties.



* The DNR is working with a consultant to develop a training program on Floodplain Education.
* The DNR is seeking a consultant to work with existing staff to reduce the backlog of National Pollution Discharge Elimination System (NPDES) permits.
* Focus groups have been organized to provide the framework for the Integrated Farm and Livestock Management Demonstration Program.
* AmeriCorps staff will assist in the expansion of the IOWATER and Adopt-A-Stream volunteer programs that will increase water quality monitoring efforts.
* New computer programs are being developed with local watershed managers to enhance the Geographic Information System (GIS).
* More than 50 watershed and water quality protection projects have been received for the Iowa Watershed Protection Program.
1. Linda Hanson, Administrator of the Administrative Services Division, provided a financial update to the Commission regarding FY 2000. She explained that the FY 2002 budget requests would be completed by October 1.



1. Liz Christiansen, Administrator of the Waste Management Division, asked the Commission to approve the recommended projects for the Solid Waste Alternatives Program. This included nine projects that would receive $498,000 in loans. The projects were approved.
2. Mel Pins provided the Commission with an update on the Waste Tire Management Program. He explained that a project removing waste tires at six stockpile sites in Warren and Madison counties has been completed and that the actual number of waste tires removed was 267,000 rather than the initial estimate of 140,000.
3. Mike Valde, Administrator of the Environmental Protection Division, presented Laura Jackson, a professor at the University of Northern Iowa, who has recently completed a study on swine manure management plans in north-central Iowa. The conclusions of the study were summarized as:
4. The current law allows animal confinement operations to treat manure nitrogen wastefully and allows the over-application of phosphorous, which puts water quality at risk.
5. The atmospheric ammonia emissions are significant.
6. Phosphorous is building up in lagoon sludge and the disposal is unregulated.
* **Liz Shinall discussed the study on State Beaches and Water Quality. The study began on May 22 and will end on September 18. The objective of the study is to establish a baseline of bacteria levels at the beaches.**

**Next Meeting** The next meeting will be held on September 18 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Senior Living Coordinating Unit Meeting

**Coordinating Unit Meeting** The Senior Living Coordinating Unit met August 25 and conducted the following business:



* Received a report from Bob Seiffert, Nebraska State Medicaid Director, regarding Nebraska’s experiences with expanding elderly services pursuant to an intergovernmental transfer program. Under the program, Nebraska has attempted to reduce nursing facility bed utilization by increasing utilization of alternative services such as home and community-based services and assisted living. Mr. Seiffert indicated Nebraska has experienced a 230.4% increase in active home and community-based cases since July 1998, while the number of Medicaid persons authorized for nursing facility services has declined approximately 6.3% over the same time period. Mr. Seiffert reported Nebraska’s statewide average cost of nursing facility services is $67 per day. Assisted living costs range from $39-$43 per day, and home and community-based services range from $25-$40 per day.
* Reviewed Senior Living Program applications submitted by Area Agencies on Aging. The Department of Elder Affairs recommended the Senior Living Coordinating Unit approve applications totaling $3.6 million to provide alternative services to older Iowans. Services offered will include home health care, respite care, adult day care, assisted transportation, and legal assistance, as well as many other services the Area Agencies deemed necessary for their community. Available FY 2001 funding for these grants is $4.2 million.
* Discussed the impact of temporary staffing agency expenses on reimbursements for Iowa’s nursing facilities. Jeff Steggerda of the Iowa Health Care Association stated 43.9% of Iowa nursing facilities use temporary staffing agencies to provide a portion of their nursing services. The average hourly wage paid to a staff nurse ranges from $8.81-$16.15 per hour, while the average hourly wage paid for contracted nursing services is $23.36 per hour. Mr. Steggerda estimates Iowa nursing facilities will be reimbursed $8.3 million for temporary staffing agency expenditures in the second half of FY 2000, an increase of 227.6% compared to the same period in FY 1998.
* Received an update on Iowa’s Senior Living Nursing Facility Conversion Program and Long-Term Care Service Development Grants. The Department of Human Services released the Nursing Facility Conversion Grant and the Long-Term Care Service Development grant applications on July 5, 2000. Conversion grants will be available to nursing home providers to convert existing nursing home beds to assisted living beds. Service development grants will be available to any provider developing affordable alternative services to underserved populations and underserved areas of the State. Available FY 2001 funding for these grants is $20.0 million. Pursuant to the grant process, 66 public meetings were held by potential applicants during August. The applications and notices of intent are due to the Department of Human Services on September 1, 2000.



* Discussed the need for dedicated medical areas within nursing facilities to provide on-site services such as dental and podiatric care.

STAFF CONTACT: Deb Anderson (Ext. 16764) Russ Trimble (Ext. 14613)

Iowa Telecommunications and Technology Commission Meeting



**Commission Meeting** The Iowa Telecommunications and Technology Commission met on August 10 at the STARC Armory at Camp Dodge and various other remote Iowa Communications Network (ICN) sites. The Commission heard presentations about and discussed the following major issues:

* Video rate proposal – Harold (Tommy) Thompson, Executive Director, ICN, discussed with the Commission the need to increase rates for video use of the ICN. Mr. Thompson explained that the General Assembly included intent language in SF 2433 (Oversight and Communications Appropriations Act) and required a report from the Commission related to the elimination of subsidization of video use by FY 2007. This could result in substantial increases in rates for educational and administrative users.
* Universal Services Fund and Federal Communications Commission (FCC)– Mr. Thompson stated that the FCC has been required by the federal courts to review its decision that the ICN is not a common carrier. If the FCC changes its position, the ICN would be eligible, as would the K-12 schools, for reimbursement of a portion of the costs of communications services the K-12 schools are charged. Additionally, the ICN could be reimbursed part of the costs currently being subsidized for those users. If this occurs, the increases needed in rates could be reduced. However, there is no time indication at this point as to when the FCC will review its decision.
* Educational users concerns - The general concern of educational users who submitted input was that a small increase in rates (around 5.0%) annually could be absorbed and would not impact usage of video services. However, any significant increase could result in a decrease of usage and therefore service to Iowans in the most rural areas of the State.
* The Commission asked that its rate subcommittee work on a final proposal for a new rate structure and present that at the September Commission meeting when the rates will be set for FY 2002.



* Legislative Agenda – Tami Fujinaka, ICN, presented other issues to the Commission that the ICN is working on that have already been approved by the General Assembly, that the ICN would be asking support for during the 2001 Legislative Session.
* Voice over Internet Protocol (VoIP) – The General Assembly, in SF 2433, instructed the ICN to conduct a Voice over Internet Protocol demonstration project this year at no cost to the State. The Requests For Proposal has been issued and the demonstration(s) will be conducted later this fall.
* High Speed Internet Access - The General Assembly has been concerned about rural Iowa businesses and citizens not having the same local access to high-speed Internet connections that the rest of the State has. The Governor’s 2010 Council has recommended that the ICN be allowed to provide this service in areas of the State that the private sector can not or will not provide the service. The recommendation also stipulates that if a private sector provider wants to take over the provision of service at a later point, the ICN should sell the service to them.
* Asynchronous Transfer Mode (ATM) Conversion - The Commission will need to request the final year of funding for this conversion. The Commission will be requesting $7.0 million for the final year of the project.
* Intellectual Property Rights in Technology Development – The Commission will be asking the General Assembly to allow the Commission to market technology that is developed with and for use on the ICN. This would allow the ICN to market technology they have developed to other states or countries. Several other countries have asked for the use of the technology and this would allow the ICN to recoup some of the costs of the ICN for the State. This is similar to the Regents institutions developing new technologies and obtaining the patents and receiving funds for the application of those technologies elsewhere.

**Next Meeting** The next Commission meeting is scheduled for September 20.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Department of Economic Development Board Meeting

**Board Meeting** The Economic Development Board met on August 17. The major topics addressed by the Board included:



* Community Economic Betterment Account (CEBA) Awards. The Board accepted Department of Economic Development (DED) staff recommendations and made the following awards:
* Howard County / Golden Ridge Cooperative – $35,000 loan. The $3.1 million project is for a blue cheese factory that serves an Amish dairy farmers cooperative in the area. The product will be sold primarily to industrial sources for use in salad dressings and other food products. The project creates 11 new jobs with an average wage rate of $9.45, which exceeds the county wage threshold of $8.09.
* City of Rock Rapids / MDH Machine, Inc. – $25,000 loan. The $756,000 project constructs a new facility for the new company which makes precision-machined parts for agricultural and other related industries. The project creates 10 new jobs with an average wage rate of $11.90, which exceeds the county wage threshold of $7.73.
* City of Des Moines / Kemin Industries, Inc. – $2.7 million float loan. The $24.2 million expansion project is for new construction, equipment, research and development, and product marketing. The international company develops and sells specialized liquid and dry nutritional additives for animal feed and human food. The project creates 76 new jobs with an average wage rate of $16.73, which exceeds the county wage threshold of $9.74.



* City of Monona / M’s Machine – denial. The company had requested an $85,000 float loan for purchase of a building and construction of an addition, for purchase of equipment, and for working capital. The company manufactures metal and plastic parts for manufacturing companies. The DED staff recommended denial primarily because of the low wages offered and because the company did not satisfactorily make the case that the loan was necessary for the project to proceed.
* Enterprise Zones. The Board approved three Enterprise Zones in Fremont County, and one each in the cities of Dubuque, New Hampton, and Tama.
* Administrative Rules. The Board reviewed and approved Administrative Rules for the following programs:
* Accelerated Career Education (ACE) Program – The Rules will be filed on an emergency basis. Gene Gardner, representative of the Community Colleges, protested certain aspects of the Rules, particularly those requiring DED to assess the quality of a program.
* Brownfield Redevelopment Program – The Rules will be filed on an emergency basis. The Program funds remediation of contamination sites.
* Vision Iowa Program and Community Attraction and Tourism Program – The Board approved the recommendation from the Vision Iowa Board, and the proposed rules will follow the regular rule making process.
* Certified School to Career Program – The proposed rules will follow the regular rule making process.
* Reorganization and renumbering of the Administrative Rules Chapter.
* Contracts and Modifications. The Board approved contracts for advertising and debt collection. The Board also approved the modifications of the ACE Program grant agreement with the Hawkeye Community College without changing the amount of the award.
* Workforce Development Fund Department Sponsored Business Network Training. The Board approved a training project to train workers employed by suppliers for John Deere. DED will provide $66,000 as a 25.0% reimbursement of the $263,000 project cost.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Human Services Administrative Rule Changes - August

**Council Meeting** The Council on Human Services made the following changes to administrative rules at its August meeting:



* Changes to the Family Investment Program and the Promise Jobs Program, including:

Eliminating the quarterly report listing the names and addresses of recipients in order to protect confidentiality.

Exempting persons who are not U.S. citizens and not qualified aliens from participation in the two Programs.

Revising the 60-month (five year) limit for assistance from the Family Investment Program, which removes the Promise Jobs payments from the definition of “assistance” to avoid subjecting the payments to child support assignment, excluding a stepparent who is in the home but not on the Family Investment Program grant, and revising the definition of Alaskans and Natives in Indian country who are excluded from the 60-month Family Investment Program limit.

Revising the definition regarding travel time for the Promise Jobs Program to include travel time to take a child to a child care provider.

Incorporating a Spanish version of the Public Assistance Eligibility Report form.

Updating various legal references.

* Minimal fiscal impact is expected from the changes.



* Eliminates monthly reporting and retrospective budgeting for categorically needy Family and Children Medical Assistance Program-related Medicaid applicants and recipients, which results in permitting consideration of financial circumstances of past months and future months and eliminating ineligibility for a one-time financial circumstance or missed deadline. The DHS indicates that the cost for the change is not budgeted within the FY 2001 appropriation and will cost an additional $255,000 of State funds and $447,000 of federal funds, which includes estimated savings from decreased paperwork.
* Implements a pharmaceutical case management program within the Medicaid Program. The DHS estimates that the cost for implementation will be the additional State appropriation of $414,000 and federal funds of $698,000.
* Terminates a prior rule and provides a new amendment which brings the DHS’s rule on exceptions to policy into compliance with both Executive Order 11 and HF 2206. The DHS did not provide a cost estimate regarding this rule change.

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**Public Hearing**

**Public Comments** The Council also received comments from the public regarding administrative rule changes with notice of intended action taken at the June Council meeting:

* From the Iowa Medical Society regarding a specific November 1 enactment date for the resource-based relative value scale fee schedule and specific exclusion of anesthesia services, both of which require only changes in the wording of the administrative rules to incorporate the planned changes.
* From the Johnson County Cluster Board requesting a clarification of rates for childcare providers, indicated from the DHS that the provider surveys are used to determine rate information.



* Oral comments from a public hearing regarding the Senior Living Trust Fund and conversion and service development grant rules, including:

Concerns regarding the ownership requirement for three years prior to application for a grant or a provider of long-term care services under the same ownership for a three-year period.

Increasing the $45,000 per year per unit for conversion to assisted living units to either $50,000 or $55,000 per unit.

Backlog within the Department of Public Safety for approval of conversion plans.

Ability to use Senior Living Trust Fund monies for dependent adult victims.

Level of commitment for funding of grants in future fiscal years.

Timing of grant awards, expected about September 15, 2000.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Deb Anderson (Ext. 16764)

FY 2003 Mental Health Allowable Growth State County Management Committee Recommendation

**Recommendation**

**Recommendation** The State County Management Committee met August 10 to finalize its recommendation to the Governor and General Assembly for the FY 2003 mental health allowable growth increase. Section 331.439, Code of Iowa, requires that the recommendation be made by November 15 of each year. The Committee chose to issue the recommendation prior to that time to encourage consideration by the Council on Human Services during the budget request process due to the Department of Management by October 1. The recommendation includes:

* An increase in funding based upon the Employment Cost Index (ECI) and an increase of 5.0% for additional consumers. The recommendation does not specify which Employment Cost Index is to be used, of which there are no fewer than 18, but using the State and Local Government Index not Seasonally Adjusted Index, the first two quarters of calendar year 2000 average 3.6%. Adding that average to the 5.0% increase results in a recommendation of 8.6% increase, or $20.7 million compared to the FY 2002 appropriation made by the 2000 General Assembly. This cost estimate may be altered by possible county action pursuant to HF 2327 (County Mental Health Expenditure Authority Act) as amended by SF 2452 (Standing Appropriations Act), which permits counties to request an adjustment to the base year expenditure, which is one variable of the formula used to determine the appropriation. The deadline for counties to request the adjustment based upon capital asset expenditures is December 1, 2000.
* Eliminate the 75th percentile requirement for access to the Per Capita Expenditure Target Pool required in Section 426B.5, Code of Iowa, and distribute funds to the “most needy” with a definition for “most needy” yet to be determined by the State County Management Committee and the Mental Health and Developmental Disabilities Task Force.
* In regard to legal settlement:

Collection of Statewide data to determine the financial impact of eliminating legal settlement and using residency for the funding process.

Specifying a definition of residency, which includes four exceptions.

* In regard to financial and clinical eligibility:

Six recommendations regarding federal poverty level and Medicaid eligibility.

Two recommendations regarding clinical eligibility.



* Replacing current service mandates with a core set of services to allow equitable access.
* Eliminating the FY 2002 appropriation of $2.0 million for the Incentive and Efficiency Pool as part of the FY 2002 total allowable growth funding and include the $2.0 million into the part of the appropriation distributed to all counties.
* An appropriation of $4.0 to $8.0 million to counties to implement the June 1999 United States Supreme Court ruling referred to as “Olmstead”, which relates to unnecessary segregation of individuals with disabilities, which constitutes discrimination in violation of the Americans with Disabilities Act. A report is expected to be submitted to the Governor by August 31, regarding Iowa plans for this issue. The recommendation includes distribution of the funds to counties by a grant program.

**Copies Available** Copies of the State County Management Committee draft report and an explanation of the “Olmstead” decision issued by the Department of Human Services are available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Justice Data Warehouse

**Data Warehouse Project** On August 11, a project kickoff meeting was held to discuss the start-up of Phase II of the Justice Data Warehouse project. In attendance were John Baldwin, Ron Strother, Will Ogden, Lettie Prell, Laura Roeder, and consultants Atul Gupta, John Gerber, and Pam Braunschweig.



**Phase I** Phase I of the Justice Data Warehouse project involved placing Iowa Court Information System (ICIS) court information from all 99 counties into a database for Statewide use. Data extraction implementation will be completed in September. The acceptance testing is to be completed by October.

**Phase II** Phase II of the Justice Data Warehouse project will begin on September 17. Phase II is the pilot demonstration of ICON Lite into the Justice Data Warehouse. The ICON Lite project will link community-based corrections data with Court data. The prototype will be completed and deployed in December.

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

State Fire Marshal

**New Fire Marshal** George Howe will be sworn in as the permanent State Fire Marshal within the next two weeks. No official date has been set. Mr. Howe had been acting as the interim State Fire Marshal since July 1 when Roy Marshall, the State Fire Marshal for the last 11 years, retired.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Communications Network (ICN) Video Classroom Update



**ICN Classrooms** The Iowa Communications Network (ICN) added ten interactive video classrooms from May through July at Hawkeye Community College, Louisa-Muscatine Junior/Senior High School in Letts, Des Moines Central Campus and Kurtz Building in Des Moines, Westwood High School in Sloan, Cedar Falls Public Library, West Union Public Library, Department of Human Services in Cedar Falls, Anamosa State Penitentiary, and Room 19 of the State Capitol Building for the Iowa General Assembly. This brings the total number of classrooms to 722. The total number of classrooms that will be included in the Network at the end of the Part III build out is estimated at over 800. This will include multiple classrooms at several authorized sites. The table below presents the current distribution of sites by type of authorized user.

 IOWA COMMUNICATIONS NETWORK

|  |  |
| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 97 |
| K-12 School Districts | 380 |
| Other Education | 7 |
| Libraries | 40 |
| Medical Facilities | 9 |
| Private Colleges | 18 |
| Regents Institutions | 29 |
| National Guard | 56 |
| State Agencies | 51 |
| Federal | 15 |
| Miscellaneous | 4 |
| Classrooms Total | 722 |

**Website** This information is updated weekly and is available on the Internet at <http://www.icn.state.ia.us/about/clickmap/clickmap.htm>**.** If you would like a copy of the complete list of sites and their locations and do not have access to the Internet, you may contact the LFB and request a copy.

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Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assist. Expenditures** For the week ending August 21, 2000, FY 2000 General Fund expenditures for the Medical Assistance Program in the Department of Human Services (DHS) were $8.8 million (81.9% of budget). This is $2.0 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $429.5 million, which is $8.8 million (2.1%) above the amount budgeted for the fiscal year-to-date.

**Deficit Projected** The Department of Management has projected a Medicaid deficit of at least $10.8 million for FY 2000 and has proposed a transfer of $8.5 million from various State agencies to the Medical Assistance appropriation (See related article detailing the Section 8.39 transfer). In addition, the DHS received $60,000 from the State Appeals Board to meet year-to-date Medicaid obligations. It is anticipated the DHS will receive approximately $2.3 million more from the State Appeals Board by the end of FY 2000 to satisfy remaining Medicaid obligations.

**FY 2000 Appropriation** The DHS Medical Assistance Program received a General Fund appropriation of $415.5 million for FY 2000. The appropriated amount was $2.9 million less than the amount recommended by the Governor. The General Assembly’s appropriation modified the Governor’s recommendation by the following:

* Did not fund a new initiative to reimburse pharmaceutical care services - $207,000.
* Did not fund a new initiative to increase certified nurse aide reimbursements - $600,000.
* Expanded the Pharmaceutical Prior Authorization Program - $650,000.
* Reduced the appropriation compared to FY 1999 due to historical reversions - $1.5 million.

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