

FISCAL UPDATE

July 26, 2007

Legislative Services Agency

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

DEPARTMENT OF CORRECTIONS ALLOCATION TRANSFERS

Allocation Transfers



The Legislative Services Agency (LSA) received notification of two allocation transfers (totaling \$250,000) for the Department of Corrections (DOC). Pursuant to Section 904.1116, Code of Iowa, and Section 6 of SF 575 (FY 2008 Justice System Appropriations Act), the DOC is permitted to reallocate appropriations between the correctional institutions, Central Office, and the Community-Based Corrections (CBC) District Departments. The DOC is required to notify the Department of Management and the LSA before reallocating the funds, and the DOC is prohibited from reallocating funds to eliminate a program.

The Department is proposing the following reallocations:

- \$200,000 from the Iowa Medical and Classification Center to the Clarinda Correctional Facility for unexpected cost increases.
- \$50,000 from the Iowa Medical and Classification Center to the Anamosa State Penitentiary for unexpected cost increases.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

MEDICAID FORECAST FOR FY 2007 AND FY 2008

Medicaid Forecast

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on June 25 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2007 and FY 2008. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current and upcoming fiscal years.

FY 2007



The total appropriation for FY 2007 was \$771.2 million. This included an appropriation of \$759.2 million in HF 2734 (FY 2007 Health and Human Services Appropriations Act) and a \$12.0 million supplemental appropriation in HF 909 (FY 2008 Health and Human Services Appropriations Act). For FY 2007, the three staffs agreed to a range of breaking even at \$771.2 million to a surplus of \$10.0 million, with a midpoint of a \$5.0 million surplus. The increased expenditures over FY 2006 include the following costs and assumptions:

- An estimated \$1.3 million to fund an estimated 0.2% in enrollment growth.
- An estimated \$5.1 million to fund an estimated 0.7% increase for medical inflation.

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- \$4.8 million to annualize the increased cost of Medicare buy-in due to increased Medicare premiums.
- \$12.2 million to fund additional costs due to the Federal Medical Assistance Percentage (FMAP) decreasing from 63.61% to 61.98%.
- \$12.7 million to fund a 3.0% provider rate increase.
- \$1.4 million to fund an increase in the personal needs allowance from \$30 to \$50 per month for residents of nursing facilities.
- \$1.0 million to fund Medicaid for children aging out of the foster care system up to age 21.
- \$250,000 to fund a matching grant for the Iowa Health Care Collaborative.
- \$15.7 million in various savings related to the Iowa Medicaid Enterprise, the Medicaid Family Planning Waiver, and the federal Deficit Reduction Act of 2005.
- \$3.9 million to increase nursing facility rates to the FY 2007 cap.
- \$3.3 million to fund increased costs associated with the change from the Adult Rehabilitation Option (ARO) and Rehabilitative Treatment Services (RTS) to the Remedial Services Program (RSP) and the new Habilitation Services Program.

FY 2008

House File 909 (FY 2008 Health and Human Services Appropriations Act) included total State funding of \$833.6 million. For FY 2008, the three staffs agreed to an estimated supplemental need of \$17.0 million to a surplus of \$8.0 million, with a midpoint of \$9.0 million in supplemental need over the original appropriation. This includes the following costs and assumptions:



- \$12.0 million to adjust FY 2008 for the FY 2007 supplemental need.
- \$9.3 million to increase parental income disregard from 50% to 58%.
- \$2.2 million to reduce the Children's Mental Health Waiver waiting list.
- \$132,000 for the Medical Income Trust.
- \$1.1 million to fund the new Money Follows the Person Program.
- \$250,000 for the Iowa Health Collaborative.
- \$14.0 million for a 1.6% enrollment increase.
- \$7.7 million for 1.0% medical inflation.
- \$11.4 million to fund additional costs due to the FMAP decreasing from 61.98% to a projected 61.79%.
- \$10.6 million to complete the transition to the RSP.
- \$500,000 to replace funds carried forward for Field Operations in FY 2007.
- \$860,000 to fund increased enrollment in the Medicaid for Independent Young Adults (MIYA) Program.
- \$4.4 million to expand enrollment for Medicaid-eligible children.



- \$1.0 million to fund the new Habilitation Services Program.
- \$10.4 million to rebase nursing facilities.
- \$6.8 million for increased Medicaid buy-in premiums.
- \$6.0 million in savings related to the Iowa Medicaid Enterprise.
- \$650,000 for federally-required Payment Error Rate Measurement (PERM) audits.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jess Benson (Ext. 14611)

STATE BOARD OF HEALTH MEETING

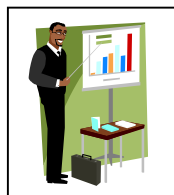
Board Meeting

The State Board of Health met on July 11.

Director's Report

Director Tom Newton provided the following information:

- The Department is providing support to the legislative Affordable Health Care Commission, which is working to identify ways to increase access and affordability for health care. The Commission will meet once a month through December, with each meeting held at a different location.
- The Department is working with the Governor's Office on the budget for FY 2009. The process involves enterprise planning with other human services-related agencies to develop goals and action steps for the next two years.
- The Lt. Governor has scheduled a series of ten Wellness Town Hall Meetings around the State during July and August. The meetings are part of her Commission on Wellness and Healthy Living, which was established to discuss new and innovative ways to improve the health of Iowans. The ideas will be used to formulate new policy initiatives for the 2008 Legislative Session.
- As part of public health redesign, the Department expects to finalize State standards by September or October. Local public health standards have already been finalized, and local public health agencies participated in the development of the State standards.



In April, the Department sent a survey to local public health agencies to measure capacity to meet the new local standards. Eighty-eight surveys were returned and some of the data from the survey will be shared at the Governor's Conference on Public Health (Barn Raising VI), which will be held August 2-3.

State Veterinarian

Dr. Ann Garvey, the State's new Public Health Veterinarian, was introduced.

Health Issues

Dr. Patricia Quinlisk reported that the 2006 statistics for reportable diseases are complete and available. Also, the second case of West Nile Virus for this year has been reported in Story County.

Drug Donation

David Fries reported on the Prescription Drug Donation Repository Program, which was implemented in March 2007. From March to June 30, 2007, the Program received 98,860 donated pills valued at an estimated \$96,000. The medication was distributed to three free clinics and to a Community Access Pharmacy.

FY 2008 Budget

Marcia Spangler provided the Department's budget for FY 2008. The total budget is \$203.5 million, which includes funding from federal, State, and other sources.

Chairpersons Elected

The Board elected Cheryll Jones to serve as Chairperson and Justine Martin to serve as Vice Chairperson.

DPH Adm. Rules



The Board approved several Administrative Rules for adoption for the Department of Public Health (DPH), including, but not limited to, radiation machines and radioactive materials; brain injury services; Emergency Medical Services provider education, training, and certification; and substance abuse treatment and assessment programs.

The Board also approved Administrative Rules for the DPH for adoption at a future meeting that included changes for the Center of Congenital and Inherited Disorders, the Emergency Medical Services Advisory Council, and the Trauma Registry.

DIA Adm. Rules

The Board approved Administrative Rules for adoption for the Department of Inspections and Appeals that involved changes to chapters that cover hospitals.

More Information

The next meeting is scheduled for September 12. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

JULY COUNCIL ON HUMAN SERVICES MEETING

Council Meeting

The Council on Human Services met on July 11.

Public Hearing

The Council received testimony from various constituencies regarding the FY 2009 budget.

Administrative Rules

The Council approved several Administrative Rules for adoption relating to the Food Assistance Program, Medicaid, IowaCare, and reimbursements for Community Mental Health Centers.

Chairperson

The Council re-elected Ruth Mosher to serve as Chairperson for FY 2008.

Director's Report



Director Concannon provided the following information:

- Food assistance applications are available on-line, and Medicaid and Temporary Assistance for Needy Families (TANF) applications will be available on-line in the future.
- The Department is working to finalize an agreement with the federal Center for Medicare and Medicaid Services (CMS) on the Demonstration to Maintain Independence and Employment (DMIE) grant, which will assist in transitioning inmates with mental health diagnoses when they exit prison. Implementation is expected to begin before October 1.
- Five workgroups are meeting to develop mental health recommendations relating to children, school-based and emergency mental health assistance, and for financing the system.



- The Department is working to eliminate the Children’s Mental Health Waiver waiting list. There are approximately 400 on the waiting list, and funding was provided in HF 909 (FY 2008 Health and Human Services Appropriations Act) to assist in reducing or eliminating the waiting list.
- House File 2734 (FY 2007 Health and Human Services Appropriations Act) required a workgroup to develop recommendations and options to divert the placement of boys at the Toledo Juvenile Home. The group will share recommendations with legislators at a meeting in late July. On average, each month there are 20 boys placed at Toledo who have been adjudicated as Children in Need of Assistance (CINAs).
- Iowa has become a model for the nation in implementing the use of electronic Food Assistance cards at local farmers markets.
- For FY 2008, the General Assembly provided five additional FTE positions for the Iowa Medicaid Enterprise (IME) and four additional FTE positions for the Mental Health Division. The Department is in the process of hiring for these positions. The additional positions in the IME will be used to staff home and community-based waiver services.
- The Department continues to work with Chief Justice Ternus on a shared commitment to improve the effects of the court and child welfare system on children and families.

More Information

The next meeting is scheduled for August 8. Additional information is available from the LSA upon request.

STAFF CONTACT: Jess Benson (Ext. 14611) Lisa Burk (Ext. 17942) Sue Lerdal (Ext. 17794)

REQUIRED REPORT ON RECOMMENDATIONS TO DIVERT PLACEMENT OF BOYS AT THE TOLEDO JUVENILE HOME COMPLETED

Required Report

House File 2734 (FY 2007 Health and Human Services Appropriations Act) specified legislative intent that the Toledo Juvenile Home be limited to females only by July 1, 2009. The Act also directed the Department of Human Services (DHS) to conduct a study group to recommend options for the diversion of placement of boys at the Toledo Juvenile Home and that these be included in a report by July 1, 2007.

Toledo Capacity

The Toledo Juvenile Home has 64 beds allocated for girls who are adjudicated delinquent or as a Child in Need of Assistance (CINA) and 20 beds allocated for boys adjudicated as CINAs.

Recommendation

In the Report, the DHS recommends that a Request for Proposal (RFP) process be used to identify a public or private entity that will describe how and where it will serve some or all of the 20 CINA boys who would otherwise be placed at the Toledo Juvenile Home. This would not have to occur at a single location.

Other Options

The Report also identifies other options, which include:

- Develop the capacity to serve 20 CINA boys at another State facility.
- Contract with a private entity to serve all 20 boys in a single location.

- Identify a case rate (“wrap around” model) to be used in community placements for the boys in care at the Toledo Juvenile Home.
- Close male admissions at the Juvenile Home and expect the current system to absorb the boys that would have been placed there.

More Information

Copies of the Report may be accessed on the DHS web site at: http://www.dhs.iowa.gov/reports_pubs/PeriodicReports.html. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

COMMISSION OF VETERANS AFFAIRS MEETING

Commission Meeting

The Commission of Veterans Affairs met on July 11.

Public Policy Group

The Commission received a presentation from the State Public Policy Group (SPPG) regarding services SPPG can provide for the required survey and report due on October 15, 2008, as required in HF 909 (FY 2008 Human Services Appropriations Act).

Updates

The Commission received updates from the federal Veterans Affairs Regional Office, the Veterans Home, and the Department of Veterans Affairs.

Cemetery and County Grants



The Commission received an update regarding the construction underway for the Iowa Veterans Cemetery and the FTE positions for the Cemetery. Groundbreaking is anticipated to begin before the end of July. There are currently 29 individuals confirmed and 49 applications pending for interment. The Commission also discussed concerns regarding the County Grant Program.

Administrative Rules

The Commission adopted Administrative Rules relating to the Vietnam Veteran Bonus; changes to the Injured Veterans Grant Program; the Veterans Trust Fund; and the administration of the Iowa Veterans Home.

License Plates and Other

The Commission discussed the design of the Gold Star License Plates and chose a design to be submitted to the Department of Transportation.

More Information

The next meeting is scheduled for October 3. Additional information is available from the LSA upon request.

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

CHANGES IN COUNTY ROAD FUNDING

Revised Formula

House File 932 (TIME-21 Fund Act) revised the formula allocations of motor fuel tax revenues from the Road Use Tax Fund to the Secondary Road Fund of counties and the Revitalize Iowa’s Sound Economy (RISE) Fund. The change became effective July 1.

Fuel Tax Allocations

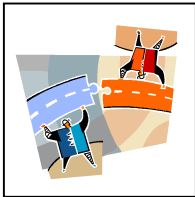


Prior to enactment of HF 932, an amount equal to 2.0 cents per gallon on motor fuel and special fuel was allocated from the Road Use Tax Fund and distributed as follows:

- .45 cent per gallon to the Secondary Road Fund of counties.

- 1.55 cents per gallon to the State, city, and county RISE share allocated as follows:
 - 1.0 cent to the State.
 - 0.5 cent to cities.
 - 0.05 cent to counties.

County RISE Changes



House File 932 maintains the amount equal to 2.0 cents per gallon on motor fuel and special fuel allocated from the Road Use Tax Fund to the RISE Fund and Secondary Road Fund of counties; however, the formula allocation is revised as follows:

- .25 cent per gallon to the Secondary Road Fund of counties (a decrease of 0.2 cent).
- 1.75 cents per gallon to the State, city, and county RISE share allocated as follows:
 - 1.0 cent to the State.
 - 0.5 cent to cities.
 - 0.25 cent to counties (an increase of 0.2 cent).

Fiscal Impact

The estimated fiscal impact of the revised formula allocation is an annual increase of \$4.6 million to the county share of RISE funding, and a decrease of the same amount to the Secondary Road Fund of counties. The State and city share of RISE funding remains unchanged.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

CRIMINAL JUVENILE JUSTICE PLANNING DIVISION SEX OFFENDER TASK FORCE MEETING

Task Force Meeting

The Criminal Juvenile Justice Planning Division (CJJP) Sex Offender Task Force met on June 27.

Database Integration

The Department of Public Safety (DPS) recently received guidelines on the federal Adam Walsh Act from the U.S. Department of Justice. The DPS is reviewing the Act as they redesign the Sex Offender Database. The Department has added additional staff to deal with address changes and the local sheriffs' offices. The new changes, as a result of the Act, need to be in effect by 2009 or the State risks the loss of federal Byrne Grant funds.

Information System

The Criminal Justice Information System has adopted the data exchange between the Department of Corrections (DOC) and the DPS as one of the information exchanges the group is working on for this fall. The data exchange will provide real-time information, such as addresses from the DOC to the DPS.

Electronic Monitoring

There are currently 662 offenders on electronic monitoring in the DOC. Of this, 68 are on breathalyzers, 90 are on radio frequency, 13 are on voice

verification, and 491 are on global positioning bracelets. Of the 491, all but two are sex offenders.

Recidivism

Criminal Juvenile Justice Planning is analyzing data on 207 sex offenders who were released from prison in 2001 for the first time to see their rate of recidivism. Excluded from this group was anyone released to a mental health institution, to the Safekeeper Program, through an interstate compact, or who died shortly after release. This study should be complete in the fall of 2007.

Risk Assessment

The DOC is continuing to research the validity of the Static-99 and the ISORA-8 (Iowa Sex Offender Risk Assessment) as a risk assessment tool to be used on all sex offenders. Iowa State University is validating the JSORRAT-II (Juvenile Sexual Recidivism Risk Assessment Tool) on 500 files for juveniles. For FY 2006, there were 261 new sex offense prison admissions, of which 120 (46.0%) had a victim who was 12 or younger.

Legislative Report

Criminal Juvenile Justice Planning is required to submit a report on the Sex Offender Task Force to the General Assembly on January 15, 2008.

Proposed Legislation

For the 2008 Legislative Session, Criminal Juvenile Justice Planning will be submitting a pre-filed bill making the Sex Offender Task Force a permanent part of CJJP responsibilities and expanding the charge.

More Information

The next meeting is scheduled for December 5. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – IOWA WATER POLLUTION CONTROL WORKS AND DRINKING WATER FACILITIES FINANCING PROGRAMS

Audit Report



The State Auditor issued the FY 2006 Audit Report for the Iowa Water Pollution Control Works (Clean Water Program) and the Iowa Drinking Water Facilities Financing Programs (Drinking Water Program) on April 5.

The Iowa Finance Authority and the Department of Natural Resources work in cooperation to administer the funds. The Clean Water Program provides financing for the construction of wastewater facilities from the issuance of low-cost loans. The Drinking Water Program provides financing for the construction of drinking water facilities from the issuance of low-cost loans.

Reportable Conditions

The Report indicated there were no reportable conditions related to the financial statements or operations.

More Information

A copy of the Report is available on the State Library of Iowa Publications web site at: <http://auditor.iowa.gov/reports/reports.htm>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ENVIRONMENTAL PROTECTION COMMISSION MEETING

Commission Meeting

The Environmental Protection Commission met on July 2 in Des Moines.

Contracts Approved

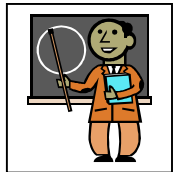
The Commission approved the following contracts:



- \$250,000 with Iowa State University (ISU) to conduct wetland performance monitoring. Funding is from the Environment First Fund.
- \$1.1 million with the University of Iowa Hygienic Laboratory for ambient water monitoring on streams and lakes. Funding is from the Environment First Fund and federal funds.
- \$249,000 with the University of Iowa Hygienic Laboratory for biological monitoring of streams. Funding is from the Environment First Fund.
- \$47,000 with the federal Geological Survey to estimate stream flow at sites that are not being gauged. Funding is from the Environment First Fund.
- \$113,000 with ISU to evaluate emission reductions for various biodiesel fuel blends. Funding is from federal funds.
- \$87,000 with Quality Consulting, Inc., to analyze, design, develop, and test updates to the Iowa Waste Exchange database. Funding is from the Groundwater Protection Fund.

Administrative Rules

The Commission approved the following Administrative Rules:



- The Final Rule on water supply construction permits.
- The Emergency Rule related to the Underground Storage Tank (UST) Program. Senate File 499 (Underground Storage Tank Act) transferred the UST Program to the Department of Natural Resources from the Iowa UST Fund Board. Rules are to be in place by August 1, 2007.
- The Notice of Intended Action related to technical changes of the UST Program.
- The Commission was asked to approve a Final Rule without Notice of Intended Action that adopts federal air quality rules related to ethanol plants. The federal rules increase the air pollutant limit for ethanol production from 100 tons to 250 tons per year. The Commission voted to submit the rule through the normal process that would allow public comment.
- The Notice of Intended Action related to Clean Air Interstate Rules and Clean Air Mercury Rules.

Presentations

The Commission received presentations on the air quality permitting of grain elevators, an overview of 2006 environmental enforcement, and the Household Hazardous Materials Program.

More Information

The next meeting is scheduled for August 7 in Des Moines. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

NATURAL RESOURCE COMMISSION MEETING

Commission Meeting

The Natural Resource Commission held a telephone conference meeting on June 27.

Construction Projects

The following construction projects were approved:

- A change order totaling \$426,000 to the lake dredging project at Crystal Lake in Hancock County to remove an additional 200,000 cubic yards of lake material. Funding is from the Lake and Stream Restoration Fund.
- The construction of an office and service building for \$505,000 and the construction of a storage building for \$124,000 at Ventura Marsh Wildlife Management Area in Cerro Gordo County. Both projects will be funded from the Fish and Wildlife Trust Fund.
- The resurfacing of roadways at Swan Lake State Park in Carroll County for \$488,000. Funding is from the Parks and Institutional Roads Fund.
- Repair of the dam at Silver Lake in Delaware County for \$315,000. Funding is from the Lake and Stream Restoration Fund.
- Roadway construction and paving at Maquoketa Caves State Park in Jackson County for \$97,000. Funding is from the Parks and Institutional Roads Fund.
- Construction of two boat ramps at the Hawkeye Wildlife Management Area in Johnson County for \$71,000. Funding is from the Marine Fuel Tax Fund.
- An electric and water system upgrade in the campgrounds at Lake Macbride State Park in Johnson County for \$309,000. Funding is from the Resource Enhancement and Protection Fund and federal funds.
- Wetlands construction at the Lake of Three Fires State Park in Taylor County for \$95,000. Funding is from Lake and Stream Restoration Funds and federal funding.
- Construction of a four-season lodge at Lake Darling State Park in Washington County for \$615,000. The Friends of Lake Darling will contribute \$250,000 and the remaining funding is from an appropriation to Lake Darling.



Honey Creek Destination

The Commissioners approved the following for the Honey Creek Resort State Park in Appanoose County:

- Construction of a hotel, aquatic center, restaurant, and conference center with total square footage of 108,000. The Department of Natural Resources (DNR) estimated the cost of the project at \$16.0 million. There was one bid submitted by The Hansen Company, for \$19.3 million, which was approved by the Commission.
- An extension of the interim hotel management agreement with Regency Hotel Management for \$75,000. The original agreement for \$50,000 is included in the cost, with the additional cost being \$25,000.
- The Commission rejected the low bid of \$4.2 million for the construction of 28 cabins. Terry Montgomery, Project Manager, explained that there was not enough funding at this time to build the cabins; however, they are scheduled to be completed in 2009 or 2010.



More Information

The next meeting is scheduled for August 9 at Stone State Park in Woodbury County. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**DIRECTOR AND DEPUTY DIRECTOR APPOINTED FOR THE
DEPARTMENT OF WORKFORCE DEVELOPMENT****IWD Appointments**

The Governor has appointed Elisabeth Buck as Director of the Department of Workforce Development. In addition, Joseph Walsh has been appointed as Deputy Director.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

This document can be found on the LSA web site:
<http://www.legis.state.ia.us/Fiscal/fiscupdt/>