



FINAL REPORT

Program Elimination Commission

December 2002

MEMBERS:

Voting Members

Bob Rafferty, Chairperson (appointed by Speaker of the House)
 Senator Mike Connolly (appointed by Senate Minority Leader)
 Diane Crookham-Johnson (appointed by Senate Majority Leader)
 Mark Ketchum (appointed by the Legislative Council)
 Virginia Petersen (appointed by the House Minority Leader)

Nonvoting Members

Honorable Ralph F. McCartney (appointed by the Chief Justice of the Iowa Supreme Court)
 Senator Neal Schuerer (appointed by the Legislative Council)
 Arthur Small, Jr. (appointed by the Governor)

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Staff

Contacts:

Doug Wulf, Division Administrator, Legislative Fiscal Bureau, (515) 281-3250

John Pollak, Committee Services Administrator, Legislative Service Bureau, (515) 281-3818

Patty Funaro, Senior Legal Counsel, Legislative Service Bureau, (515) 281-3040

CREATION AND CHARGE

The Program Elimination Commission was created in 2002 Iowa Acts, House File 2627, section 217, as amended by 2002 Iowa Acts, Second Extraordinary Session, HF 2625, section 41, and formally established as a legislative interim committee by action of the Legislative Council in June 2002.

The statute charged the Commission to do the following:

...review all programs and other functions funded in whole or part with state or local government revenues, including but not limited to general taxes and fees and special revenues such as gaming and road use tax revenues. The commission shall operate with the goal of identifying a 2 percent savings for the general fund of the state. The commission's duties shall include the following: review of state and local government programs and other functions; consideration of sale of public assets or providing for performance of public functions on behalf of government by nongovernmental entities (The assets and functions considered shall include the state nursery, department of general services vehicle fleet, state medical library, prison farms, and alcoholic beverage warehouse.); identification of programs or functions recommended for elimination or for performance by a nongovernmental entity; and identification of public assets for sale.

The program elimination commission shall issue a report on or before December 31, 2002, to the governor, supreme court, and general assembly containing findings and recommendations fulfilling the commission's duties. The recommendations made by the commission shall be prepared in the form of a bill by the legislative service bureau. It is the intent of this section that the bill be referred to the committees on state government of the senate and the house of representatives. It is further the intent of this section that the general assembly shall bring the bill to a vote under a procedure or rule permitting no amendments except those of a purely corrective nature recommended by a committee on state government.

Unless otherwise continued by the legislative council or by law, the program elimination commission shall be dissolved on December 31, 2002.

Program Elimination Commission

December 31, 2002

The Honorable Thomas J. Vilsack, Governor of Iowa
The Honorable Louis Lavorato, Chief Justice of the Iowa Supreme Court
Members of the Eightieth Iowa General Assembly

Dear Governor Vilsack, Chief Justice Lavorato, and Honorable Members of the General Assembly:

The Program Elimination Commission forwards this report as required by HF 2627, which was passed by the General Assembly during the 2002 Second Extraordinary Session and signed by the Governor.

The Report proposed changes that, if enacted and fully implemented, will shift the way government services are delivered in a number of key areas. These shifts will save resources and improve the services delivered.

It is important to note that the charge of the Commission, to "review all programs and other functions funded in whole or part with state or local government revenues," was too ambitious for a handful of volunteers to complete in a few months. The Commission elected, after a high level overview of state government services, to focus on specific core areas that appeared from our initial review to have the greatest potential for savings.

As a result, the proposals recommended should not be read to be all-encompassing. The fact the Commission did not address a given area should not be interpreted that there are not potential savings that can be found in that area. Even for the areas the Commission addressed, such as Medicaid, the Commission's report should not be read to suggest that additional changes are unnecessary. The Commission's report should be read as only a piece of the solution to address the financial challenge facing our State.

The report is being forwarded with the support of all five of the voting members, appointed from the four caucuses in the General Assembly and the Legislative Council. The Commission worked in a bipartisan manner to create proposals that will have a positive impact on Iowa residents. The Commission specifically avoided recommendations that would have created a partisan division. While not all provisions of the report had the support of all members, overall the Commission worked together as a team to develop the recommendations.

The recommendation portion of the report has several parts. The first part consists of the proposals that will be drafted into legislation in the manner outlined in HF 2625. The second part consists of education proposals that will be drafted into separate legislation. The third part consists of other recommendations that can be developed further by policymakers.

The changes recommended for the Education Section are so significant and important for the future that a separate focused debate is needed. The proposal to require greater administrative sharing has the potential to impact how all school districts in the state do their business. It offers the potential of driving down school administration costs while maximizing the dollars going to the classroom. However, a separate debate, where individuals have the opportunity to improve the Commission's work, offers the best opportunity to create commitment to the long-term change necessary for this area.

Summary of additional key points in the bill:

- Area Education Agencies, Judicial Districts, Community Corrections, and Department of Human Services will be required to come forward with consistent service delivery boundaries, allowing no more than eight districts.
- Child Welfare – Devolve greater authority and responsibility to local providers in exchange for accountability for outcomes – significantly reducing the bureaucratic paperwork for caseworkers and managers.
- Coordinate and introduce market forces to the state government's administrative services, with significant potential savings in purchasing, information technology and fleet management.
- Make changes in Medicaid including:
 - Pharmacists more in line with average in the nation
 - Greater emphasis on use of lowest-cost generic drugs
 - The development of a coordinated preferred drug list and prior authorization program, leading to supplemental rebates from pharmaceutical companies
 - Additional steps to ensure eligibility compliance
 - Increased identification of veterans eligible for benefits
- Tap into and reduce underutilized infrastructure at the state's four mental health institutes, by requiring two of the four mental health institutes to be converted to alternate uses or closed.
- Create greater uniformity and accountability in the Community-based Corrections system through creation of a Community Corrections Administrator, to which area directors will report.

Additional recommendations in the report:

- The General Assembly should avoid building new prisons, and instead expand Community-based Corrections and treatment programs and pass sentencing reform.
- The Courts should be granted additional flexibility to manage with a smaller budget, including enabling a clerk of court to serve as a clerk for more than one county.

- The feasibility of collocating and coordinating all programs dealing with early childhood care and education in the Department of Education should be studied.
- The Department of Education is encouraged to expand the Child and Adult Care Food Program as a method of attracting additional federal funds to improve the amount and quality of child care in Iowa.
- A commission should be formed to analyze the processes of county government and make recommendations for changes that can increase the efficiencies and effectiveness of delivering county services.

The Commission found it extremely difficult to do a program review of state government because of the current structure of the budget. The current budget is organized around operations – connecting the budget to individual programs is challenging – and budgets are not tied to performance measures – so little data existed to compare the effectiveness of programs. The Commission recommends that the legislative and executive branches implement performance-based budgeting to enable appropriate program review to be accomplished in the future. The Commission further recommends use of biennial budgeting, which will provide the executive branch the ability for more long-term planning and the legislative branch with additional time to do more in-depth performance review.

Finally, the Commission was able to work together in a bipartisan fashion to recommend solutions that might not otherwise surface in the traditional political setting. We believe this process has been valuable and recommend that the process of citizen review commissions continue – although we would encourage future commissions be focused on a more limited portion of state government.

Sincerely,


Bob Rafferty
Commission Chairperson



Program Elimination Commission

I. Overview.

Overview. Primary nonpartisan staffing was provided by the Legislative Fiscal Bureau and the Legislative Service Bureau. In addition, staff were assigned from the research staffs of each of the political party caucuses in the Senate and the House of Representatives.

Improvement Suggestions. The Commission established an option on the Commission's Internet page for members of the public, including public employees and others interested in Iowa government, to anonymously offer suggestions for cost savings or changes in practice that would improve state government finances. These suggestions were regularly compiled for dissemination to members and the compilations were posted on the Commission's Internet page.

Commission Meetings. The Commission held 11 meetings between August and December 2002. A summary of each meeting is included in this report. All materials distributed to the Commission were made available to the public via the Internet page set aside for the Commission.

Internet Page. The Uniform Resource Locator (URL) for the Commission is: <http://www.legis.state.ia.us/GA/79GA/Interim/2002/comminfo/progelim.htm>

Recommendations. The Commission considered proposals offered by individual members in preparing recommendations. Although there was not consensus on a number of individual proposals, the Commission approved the entire set of recommendations unanimously. In regard to the five areas the Commission was required to review, the Commission made a recommendation regarding the state vehicle fleet, did not proceed with a proposal involving the State Nursery, and there were no proposals offered involving the State Medical Library, the Prison Farms, and the Alcoholic Beverages Warehouse.

II. Commission Meetings.

A. First Meeting – August 16, 2002.

Overview. The Program Elimination Commission utilized this initial meeting to organize, elect Bob Rafferty as chairperson, discuss initial views, identify areas of interest, adopt an initial work plan, review background information, and set meeting dates.

General Functions. An initial work plan was adopted to organize the Commission's review on the basis of the following general functions of state government: strong families, public safety, workforce and economic development, agriculture and natural resources, transportation, education, and internal functions. In addition, it was suggested that consideration be given to the effects of various tax credits and incentives enacted during the 1990s as they fit under a core function. The plan provided for the Commission to make a first review of programs in order to identify programs to be placed on a list for further study, and to make decisions about recommendations made during November and December.



B. Second Meeting – September 5, 2002.

Overview. The Program Elimination Commission reviewed these programs assigned to the Commission by statute: State Nursery, prison farms, Department of General Services' vehicle fleet, and State Medical Library. In addition, the Executive Branch proposal for consolidating various functions into a new Department of Administrative Services was considered. In order to organize the process, the Commission grouped agencies and programs under the following general function headings: strong families, public safety, workforce and economic development, agriculture and natural resources, education, and internal functions. The Commission agreed to discuss review selection further at the September 16 meeting.

Program Reviews. The Commission reviewed four out of the five programs specifically identified in statute for review (the fifth program is the State Alcoholic Beverages Warehouse). The review process included an issue review prepared by the Legislative Fiscal Bureau and a presentation from a representative of the agency that administers the program. The Commission did not make a decision at this meeting regarding any of the programs reviewed.

Review Process. The Commission received materials prepared by staff identifying departmental programs and functions and highlighting those programs that may fall under more than one general function. In discussion it was noted that time would not permit the Commission to review every state program.

Improvement Suggestions. The Commission determined to provide members of the public, public employees, and others interested in Iowa government with the ability to submit, on the Commission's Internet page, suggestions for consideration by the Commission.

C. Third Meeting – September 16, 2002.

Overview. In this telephone conference call, the Program Elimination Commission discussed information regarding changes in state appropriations for various public purposes over the period of FY 1993-1994 through FY 2002-2003, worked on future agendas, and discussed information desired for the review meetings.

State Appropriations. In addition to the 10-year period described in the overview, members were provided information regarding the most significant areas of the state budget in the appropriations for the fiscal year in progress (FY 2002-2003). The information divides the State General Fund appropriations for that year into the following major areas (figures do not include appropriations from other funds):

- State aid to schools - 42 percent
- Higher education - 16 percent
- Medical services (primarily Medicaid) - 9 percent
- Property tax replacement - 8 percent
- Department of Corrections - 5 percent
- Judicial Branch - 3 percent



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- Remaining appropriations - 17 percent

Focus of Review. It was suggested that pilot projects or demonstration programs should receive particular attention and that state agencies, in providing information in advance, should identify a program's desired results, data showing results, and all funding associated with the program.

D. Fourth Meeting – October 7, 2002.

Overview. The Commission reviewed programs relating to public safety policy objectives and some programs relating to strong families policy objectives and discussed future agendas.

Corrections Growth. Commission member Art Small did extensive research on the causes for the significant growth in corrections spending over the past 30 years. He collected a wide array of materials and established an Internet site where these materials can be accessed (<http://www.artsmall.net/>). He highlighted a number of these materials, suggesting that statutes enacted during the last decade, particularly those establishing mandatory minimum sentences, have caused the growth and are projected to cause the construction of new prisons in the decade ahead. He estimated the cost per prisoner at approximately \$20,000 annually. It was suggested that the mandatory minimum sentences have had the effect of allowing many dangerous inmates to discharge their sentences and be released into the community without any period of supervision. He noted that the Iowa Bar Association, the General Assembly's Sentencing Commission, Department of Corrections, Division of Juvenile and Criminal Justice Planning, and other experts have studied corrections issues in recommending options for sentencing reform. He provided a set of options and asked representatives of the Department of Corrections to explain these options.

Department of Corrections. Mr. John Baldwin, Deputy Director, and Mr. Michael Savala, Legal Counsel, Department of Corrections, discussed the sentencing reform options and responded to questions. They stated that Iowa has the 12th lowest incarceration rate in the country and is among the 10 states with the lowest amount of per capita state spending on corrections, noted that Iowa has consistently been among the top five states in sentence lengths, expressed concern about the effects of workforce reductions, and explained the positive relationship with and strengths of the community-based corrections (CBC) system. The sentencing reform options discussed primarily address Class "C" and "D" felony, nonviolent offenses which account for approximately 60 percent of those incarcerated. There was much discussion of the CBC system relating to reform proposals for the CBC accounting and personnel systems to be incorporated into the state's accounting system and for the district directors to be appointed by and answerable to the Director of Corrections, with the district boards retaining authority over policy decisions. Members resolved to discuss these proposals with CBC representatives in their local areas.



Criminal Justice System Recommendation. The Commission approved a motion providing for Chairperson Rafferty and Mr. Small to identify a group of Iowa criminal justice system experts who would be invited to develop proposals for consideration by the Commission in November for inclusion in the Commission's recommendations to the General Assembly. It was suggested that this group include representation by county supervisors. However, this group was not formally established.

Office of the Attorney General. Mr. John Pederson, representing the Attorney General, responded to questions concerning the office's assistance to county attorneys with training and prosecutions. He stated that these services are provided without charge to the counties.

Judicial Branch. Mr. David Boyd, Deputy State Court Administrator, described the FY 2002-2003 Judicial Branch budget of \$115 million, noting that fines and fees of \$79 million were collected by the courts in FY 2001-2002. He expressed concern about the effects of recent budget reductions, answered questions, and agreed to provide a set of proposals for improving the Judicial Branch's capacity to manage its budget. Chairperson Rafferty noted that he has talked with the chairperson of a Judicial Branch committee that will make recommendations regarding the question of reducing the number of judicial districts and stated that he expects a report to be issued in time for consideration by the Commission.

Workforce and Economic Development. A panel consisting of Ms. Mary Lawyer and Ms. Georgia Soliday, Iowa Department of Economic Development (IDED), and Ms. Jane Barto, Department of Workforce Development (DWD), responded to member questions, including questions concerning the effectiveness of DWD rural and satellite offices and whether these functions might be outsourced to local chambers of commerce or other entities. It was suggested that many of these offices are collocated with such entities, which specialize in recruiting and supporting employers while the DWD offices specialize in the job training and placement needs for potential employees. Both departments indicated there is review under way to identify programs and functions that could be eliminated from statute due to lack of funding. Mr. Bret Mills, Deputy Treasurer of State, responded to questions concerning the programs under the Linked Investments for Tomorrow (LIFT) set of programs and along with others explained how the programs are coordinated with IDED staff.

Alcoholic Beverages Warehouse. Mr. Lynn Walding and Mr. Jim Kuhlman of the Alcoholic Beverages Division of the Department of Commerce discussed materials distributed in advance and at the meeting. The information included financial information regarding the state filling the role of distributor of alcoholic beverages to retail establishments. The State General Fund receives approximately \$42 million per year from this activity.

Department of Human Rights. A panel of administrators from the Department of Human Rights responded to questions. In response to questions about the department's role and whether nonprofit organizations and others could fill some functions, it was suggested that a need for statewide advocacy and information support to the private sector is fulfilled through the various divisions and that specialized information needs of state



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government agencies are also fulfilled. There were many questions as to how specific programs operate.

Department of Elder Affairs. Mr. Mark Haverland, Acting Director, Department of Elder Affairs, responded to questions along with other staff of the department. A number of department programs relate to or prevent the need for placement of older lowans in long-term care programs that may be funded by Iowa's Medicaid Program. The department is making efforts to enhance its performance-based accountability measures.

General Discussion. It was noted that the Commission had heard some suggestions for long-term savings through changes in the criminal justice system, but that some of the other agencies have relatively small budgets with no obvious prospects for generating immediate cost savings. Members indicated a preference for receiving written materials in advance, with agency representatives available for questions rather than a set presentation. For education, members expressed interest in regional high school proposals and in recommendations from a Governor's task force on education, and suggested features of the school aid formula may be amenable to review.

E. Fifth Meeting – October 14, 2002.

Overview. The main focus of this meeting was on programs intended to support strong families, including those under the authority of the Department of Human Services (DHS), Iowa Department of Public Health, Department of Elder Affairs, and Office of Drug Control Policy. In addition, there was a discussion of veterans programs.

Medicaid. Ms. Cathy Anderson, DHS Deputy Director, and Ms. Kate Walton, DHS Legislative Liaison, discussed the Medicaid Program and responded to questions regarding cost drivers for the program. They noted that nationally, persons who are elderly or have a disability constitute 25 percent of program enrollment and account for 67 percent of the expenditures. Most state budgets commit 20 percent of expenditures to the Medicaid Program; Iowa commits 10 percent of the General Fund budget for this purpose. In Iowa, the recent program growth results from an increase in eligible persons and in pharmaceutical costs. The department representatives described various initiatives intended to control and manage costs. Some members expressed interest in looking further at the causes for growth in the number of eligible persons and in identifying a goal for cost savings.

Nursing Homes – Preadmission Screening. Staff from DHS, Department of Elder Affairs (DEA), and Iowa Department of Public Health (DPH) discussed the frail elderly waiver implemented by these departments under the Medicaid Program. The waiver was presented as an effective tool in preventing or delaying a person's admission into a nursing home by developing a package of community-based services for persons who would be eligible for nursing home services paid by Medicaid. The waiver provides funding of up to \$1,052 per month for the community-based services, with the current average cost being approximately \$500 per month. Of those entering nursing homes in 2001, the costs of approximately 49 percent were Medicaid-funded, 46 percent were private pay, and the remainder were paid by Medicare. Many who enter with private pay



exhaust their financial resources and convert to Medicaid payment. Members discussed whether Medicaid expenditures could be controlled by investing more resources in the elderly waiver and providing preadmission screening prior to nursing home placement.

Veterans Programs. Representatives of the Veterans Affairs Commission and Iowa Veterans Home appeared to respond to the question of whether functions of the Veterans Affairs Commission could be merged and located at the home. Those present recommended against this idea. A new initiative is under way to enhance awareness of a pension benefit that can provide financial assistance that could defer the need for Medicaid funding for veterans in nursing homes and their spouses. Those present were asked to consult with DEA and DHS and to provide a proposal for how an investment in promoting this initiative can save on Medicaid costs.

Child Welfare Services Administration. Mr. Tom Wilson, Director of Family Resources in Davenport, Mr. Joe Kohls, representing a community mental health center in Waterloo, and Ms. Walton discussed DHS contract and case management practices relative to service providers and to recent efforts to shift the focus of these oversight functions to outcomes in place of process measures. A request was made for DHS and providers to provide the Commission with a framework for making progress on the shift in focus.

Substance Abuse and Mental Health Services. Ms. Janet Zwick, DPH Division Administrator, Mr. Bruce Upchurch, Administrator of the Office of Drug Control Policy, Ms. Jane Gaskill, DHS Medicaid Behavioral Health and Substance Abuse Managed Care, and Ms. Anderson discussed cooperative efforts to address substance abuse and mental health needs. It was noted that 65 percent of the DPH substance abuse clients are referred through community-based corrections (CBCs). It was suggested that putting more resources into intervention and treatment resources would improve society and reduce the need for corrections and human services expenditures.

DHS Institutions. Ms. Karalyn Kuhns, DHS Executive Officer working with institutions under the control of DHS, discussed information concerning DHS facilities and how the treatment focus, particularly for the state mental health institutes (MHI), has changed over the years. In response to member questions about consolidating services or closing MHI facilities, it was suggested that many factors, including the following, should be considered: the types and amount of services needed, geographic access to the services, amount of service capacity needed, and financial gains and losses involved. It was suggested that given the age of the facilities, there is likely to be a very significant amount of deferred maintenance existing at the facilities. Members discussed developing a recommendation that a blue ribbon commission be established and charged with developing proposals for closing or consolidating institutional services.

F. Sixth Meeting – November 12, 2002.

Overview. The Commission discussed K-12 issues involving small school districts, school district administrative services, area education agencies (AEAs), and special education programs; a set of proposals for sentencing reform; a proposal for restructuring state government administrative services; common areas of focus in the Departments of



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Human Services and Public Health; and submission of proposals by Commission members for consideration at the next meeting on November 18.

Education Issues. Mr. Ted Stilwill, Director of the Department of Education, discussed K-12 education issues. He was joined by Mr. Ron Fielder, Administrator of Grant Wood AEA in Cedar Rapids, and Dr. James L. Blietz, Administrator of Loess Hills AEA in Council Bluffs.

Small Schools. Mr. Stilwill described Iowa's school enrollment trend, noting that two-thirds of school districts had declining enrollment, the number of kindergarten entrants in 2001 had declined to 34,249 from 36,390 in 1992, and that Iowa has a relatively low birthrate with the number of deaths exceeding births in half of the state's counties. Information distributed includes high school enrollment figures indicating that more than one-third of Iowa's high schools have grade 9-12 enrollments of less than 200 students, and more than 80 percent have less than 600 students. There was much discussion about what might be the optimum size for high schools. Mr. Stilwill noted that existing research has tried to identify when a school is too large rather than when it is too small and that there is some evidence that college entrance examination scores are slightly lower in small schools. It was suggested that enrollments below 250 may put those students at a disadvantage compared to those attending larger schools that have the critical mass to fill more courses in languages, arts, advanced science and math, and specialized topics. Members were divided about the benefits and disadvantages of school size. Options identified to support consolidation of small districts ranged from implementing sharing incentives and establishing regional academies for advanced coursework to providing state authority to force consolidation. There was much discussion concerning the benefits of maintaining a high degree of local control and for providing performance data so that policymakers and the public have objective information to aid decision making.

School Administrative Services. Members discussed options for consolidating administrative services for schools. Most discussion centered on superintendents, financial management, personnel functions, student information systems, transportation, and building maintenance. Mr. Stilwill brought a proposal for encouraging districts to share superintendents and administrative functions by providing financial incentives for a period of years through the school aid formula. The partners in sharing could include other districts, AEAs, community colleges, other institutions of higher education, counties, and cities.

AEAs – Service Area Boundaries. There was extensive discussion of AEAs and their role in supporting special education services in local districts. Budgets are supported through property taxes and state aid through local districts, federal funding, and grants. Approximately 80 percent of an AEA's budget is associated with special education costs and approximately 13 percent of overall enrollment of students is involved with special education. Iowa is recognized nationally for its AEA program. In 2003, consolidations will reduce the number of AEAs from 15 to 12. Members discussed the service area boundaries used for AEAs, community colleges, judicial districts, community



empowerment areas, DPH, and DHS, suggesting that conforming the various boundaries would be very beneficial. Service area boundaries repeated as a significant discussion item later in the meeting during a brief overview of common areas of focus under the departments of human services and public health.

K-12 Reading Programs. Ms. Judy Hintz, owner of an educational resources program operating in several central Iowa locations, discussed her approach for addressing remedial education needs of children, particularly those involved with special education. She offered a number of suggestions for addressing shortcomings she identified in the educational system, including rewarding teachers with proven competency, implementing special education vouchers for parents to use with their children, increased testing of children, and implementing effective remedial programs.

Sentencing and Corrections. Mr. Small distributed a draft proposal making recommendations for changes in sentencing practices and a paper describing why he believes more alternatives to incarceration and greater flexibility for judges are needed. He distributed other drafts at later meetings.

State Government Administrative Services. Chairperson Rafferty distributed a paper outlining a proposal to restructure and consolidate the following administrative services: printing, information technology, mail, payroll, financial accounting, property management, fleet management, and purchasing. With some exceptions, current provisions allowing these functions to be independently exercised by the State Board of Regents, Department of Transportation, and other entities would be eliminated. The Department of Management (DOM) would be authorized to determine whether specific administrative services would operate under a central authority or delivered by one or more agencies in accordance with a unified state policy. Members agreed to include the proposal as a potential recommendation pending additional review.

Next Meetings. Members agreed to submit reform proposals by November 15, for discussion on November 18. If members decided to proceed with a proposal, additional information would be developed and the proposal would be considered again at the December 3 (education and human services programs) or December 9 (corrections, courts, and other programs) meeting. The following were identified as potential areas for recommendation:

- Sentencing and correctional reform discussed during this and other meetings.
- Court district and other service area reforms.
- Consolidation of human services and public health programs.
- Medicaid cost controls.
- Nursing home screening and veterans benefit determination efforts.
- Child welfare services proposal under development by the Coalition for Children and Family Services in Iowa.
- Iowa Braille and Sight Saving School strategy to leverage additional Medicaid funding.
- Moving marketing and soil conservation functions from the Department of Agriculture and Land Stewardship to other state agencies.



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- State government administrative functions proposal discussed during this meeting.
- Child care regulation.

G. Seventh Meeting – November 18, 2002.

Overview. The Commission discussed the Iowa Braille and Sight Saving School, child care programs in the Departments of Education and Human Services, a child welfare services proposal, early childhood programs, and member proposals.

Iowa Braille and Sight Saving School. The Commission discussed the issue of licensing and Medicaid certification of the school as an intermediate care facility for persons with mental retardation (ICF/MR) in order to utilize Medicaid funding for this service population. Mr. Dennis Thurman, School Director, provided his assessment of the viability of this action as did representatives of the Department of Inspections and Appeals and Ms. Mary Shipman, Legislative Fiscal Bureau. The Commission determined that the issue will require additional review at a later meeting.

Child Care Programs in the Departments of Education (DOE) and Human Services (DHS). The Commission discussed the issue of coordination of child care programs between DOE and DHS, and specifically the feasibility of collocating and coordinating DOE staff that inspect child care facility nutrition programs under the United States Department of Agriculture (USDA) Child/Adult Food Programs and DHS staff that provide a comprehensive health and safety inspection for these facilities in order to maximize use of federal funding and staff. The Commission determined that a proposal should be developed for further review at a subsequent meeting.

Child Welfare Services Proposal. The Commission received input from service providers and DHS regarding a provider's proposal to restructure child welfare services. The proposal includes three components: restructure all children's services under one new children's authority; provide a fully funded system, including fair reimbursement for the actual cost of care; and use outcomes measures to help policymakers ensure effective use of financial allocations and help services providers to monitor treatment progress. The Commission determined that it could act as a catalyst to move the discussion of system change forward and will discuss a proposal to that effect at a subsequent meeting.

Early Childhood Programs. Ms. Kris Bell, Facilitator, Community Empowerment, DOM, provided information regarding the empowerment program. Ms. Bell provided a historical overview of the empowerment program and information regarding a recent state technical assistance grant received to move forward in development of the program. In response to inquiries regarding consolidation of all children's programs under one agency, Ms. Bell noted that this may be difficult due to funding streams, but that under the technical assistance grant, the empowerment program has developed a shared vision to be used to integrate the work of all agencies with regard to children's programs without necessitating the physical movement of all programs to one agency.



Member Proposals Overview. The members made and discussed a number of proposals. The proposals listed as accepted are subject to additional modification at subsequent meetings.

Proposals Accepted. These proposals were accepted for additional discussion, subject to modification:

- **Administrative/Government:**

1. A proposal that a commission be created to establish common service areas that might include service areas for AEAs, DHS, judicial districts, and others. A report of recommendations would be due 12-31-03, with implementation to take place during the 2004 Legislative Session.
2. A proposal to address state government administrative services, with DOM acting as the unified authority.
3. A proposal that county governments be encouraged to have regional governing centers made up of not less than four contiguous counties to provide consolidated services of auditor, treasurer, and recorder. Any county having a population of 250,000 persons or more would be exempt from this action. Incentives could be provided for establishing regional governing centers.
4. A proposal that the General Assembly be made up of a House of Representatives of 12 representatives per congressional district and a Senate of 6 senators per congressional district with a minimum of 48 representatives and 24 senators.
5. A proposal that the state budgeting process be on a biennial basis beginning with FY 2006-2007.
6. A proposal to merge the Departments of Economic Development and Workforce Development.
7. A proposal that mandates in law be eliminated to allow the Judicial Branch flexibility in restructuring services, with the intent that a presence be maintained in every county.
8. A proposal that the Department of Workforce Development outsource two locations under a pilot program, possibly to chambers of commerce or community colleges.

- **Education:**

1. A proposal that secondary schools with enrollment of less than 100 be encouraged to consolidate by school year 2004-2005 and that funding incentives be provided.
2. A proposal that school districts be encouraged to share administrative services and that incentives be provided to do so.
3. A proposal that a pilot program be established to enable parents/schools to use special education dollars to utilize alternate non-AEA programs. Pre- and post-evaluation would be used to measure progress.
4. A proposal relating to changing the status of the Braille and Sight Saving School to an ICF/MR and expanding Medicaid funding.

- **Human Services:**

1. A proposal regarding Medicaid that would be a compilation of all of the following, subject to a feasibility discussion with DHS:



- a. Implement disease management programs for:
 - Asthma
 - Congestive heart failure
 - Diabetes
 - b. Secure supplemental rebates from pharmaceutical companies – similar to Florida’s approach.
 - c. Lower maximum prescription fill fee from \$5.17 to \$4.
 - d. Change state payment for drugs from average wholesale price minus 10 percent to wholesale acquisition price plus 15 percent. This change would reflect the true cost of drugs to pharmacists plus a percentage to help cover their costs. This amount would be in addition to the fill fee.
 - e. Eliminate payment for over-the-counter products like shampoo and tissues that are “prescribed” to be covered by Medicaid.
 - f. Lower fee for generic prescription drugs to 50 cents while raising the fee for brand-name drugs to \$2 for drugs costing between \$25 and \$49, and \$3 for those drugs costing over \$50.
 - g. Reimplement monthly income reporting for Medicaid eligibility.
 - h. Enact substantial changes to the scope and duration of services.
 - i. Require DHS to implement cost sharing for those services where the Code gives DHS the authority to collect it.
 - j. Require preadmission screening for persons applying for residency in nursing homes to determine if the persons are eligible for veterans’ benefits, and screen persons to determine if they are eligible for the federal veterans affairs prescription drug program.
 - k. Any other Medicaid proposals submitted.
2. A proposal that the state mental health institutes be streamlined.
- **Children:**
 1. A proposal that child care licensing staff be collocated and coordinated with the federal Child and Adult Care Food Program with emphasis placed on maximizing the use of federal funds as a cash incentive for caregivers, and to administer food and nutrition programs and provide support, education, training, and oversight for caregivers. A minimum of 5 percent of administrative funds shall be used to develop local systems of recruitment and training of caregivers for peer review teams with a goal of increasing program participation, training, education, and support of home caregivers.
 2. A proposal that the Commission act as a catalyst to move the discussion forward with regard to child welfare, including consideration of the establishment of a more outcomes-based system, accountability for providers, and the restructuring of all children’s services under one new children’s authority.
 3. A proposal that within the Department of Education a bureau of early childhood care and education be created for the purpose of collocating and coordinating all programs dealing with early childhood care and education, including but not limited to state child care assistance; early childhood education, including but not limited to public



preschool programs and community empowerment grants; and the registration and licensing administration of all child care homes and centers.

- **Public Safety:**

1. A proposal relating to criminal sentencing.
2. A proposal that the management of community-based corrections be coordinated through a local director who reports to the Director of the Department of Corrections.

Other Proposals. These proposals were submitted but not approved for continued consideration by the Commission:

1. A proposal to combine service areas based on congressional districts.
2. A proposal that the State Nursery and the State Fishery be required to sell their products at cost plus 25 percent to compete fairly with private industry. The computation of such a price structure will be the same as is currently employed to determine the cost of the product, and that price will be increased by 25 percent.
3. A proposal that extracurricular programs in public school districts that did not offer credit hours as of school year 2001-2002 be considered clubs and no tax dollars be used to support the program, staff, or equipment.
4. A proposal that the Department of Education develop a plan, to be submitted to the General Assembly, to offer full-day, publicly funded, developmentally appropriate preschool programs for three- and four-year-old children.
5. A proposal to combine the Departments of Human Services and Public Health.
6. A proposal to create a food safety training incentive for food service workers utilizing increased receipts from food service inspection fee restructuring.
7. A proposal to move marketing under the Secretary of Agriculture to the Department of Economic Development.

Statutorily Required Items. The Commission did not approve for continued consideration a proposal regarding the State Nursery. The Commission members did not offer any proposals to address these areas the Commission was required by statute to consider: State Medical Library, prison farms, and Alcoholic Beverages Warehouse. The Commission did incorporate vehicle fleet management in the Administrative Services recommendations.

H. Eighth Meeting – December 3, 2002.

Overview. The Commission discussed information and proposals relating to corrections and sentencing reform, Medicaid, veterans issues, biennial budgeting, reduction in the membership of the General Assembly, administrative services, merging of the Departments of Economic Development and Workforce Development, common service area boundaries, Judicial Branch service delivery, mental health institutes, and education.

Corrections and Sentencing Reform. The Commission received information from Mr. Clarence Key, Jr., Executive Director, Iowa Board of Parole; Mr. John Sarcone, Polk



County Attorney; and Mr. Thomas Ferguson, Black Hawk County Attorney, regarding prison population, parole, and sentencing reform issues.

Medicaid Issues. The Commission reviewed the listing of proposals related to Medicaid submitted at the November 18, 2002, meeting and discussed Medicaid pharmaceutical cost-containment measures with Mr. Tom Temple, Executive Vice President and CEO, Iowa Pharmacy Association.

Veterans Issues. Representatives of the Commission of Veterans Affairs and the Iowa Health Care Association discussed the issues of identification of veterans, their spouses, and their dependents for the purpose of coverage of health care and prescription drug costs under the Veterans Administration (VA) Program rather than the Medicaid Program. The Commission and presenters discussed the obstacles to dispensing drugs in a nursing facility under the veterans affairs system compared to dispensing under Medicaid and the process of identifying veterans for the purpose of providing health care and prescription drug coverage. The members concluded that the goal should be to identify veterans, their spouses, and their dependents long before a person seeks residency in a nursing facility since veterans are eligible for benefits as soon as they are discharged from service. The representatives of the Iowa Health Care Association suggested that the association work with the Commission of Veterans Affairs in order to share information necessary to identify veterans and in order to provide information to nursing home applicants, residents, and their families regarding the possible benefits available to them under the VA Program.

Biennial Budgeting. Mr. Dennis Prouty, Director, Legislative Fiscal Bureau, discussed the practice of biennial budgeting compared with annual budgeting with the Commission. The Commission also discussed performance-based budgeting. Chairperson Bob Rafferty suggested that the Commission might form consensus on advocating performance-based budgeting and might include in its report that the majority of the Commission members feel that biennial budgeting is important, but there was not a consensus. Chairperson Rafferty suggested that he compose language for review at the next meeting.

General Assembly Membership Reduction. The Commission discussed reducing the number of members of the General Assembly in alignment with Iowa's congressional district boundaries. The members concluded that the proposal should not proceed for inclusion in the final report of the Commission.

Administrative Services. The Commission discussed a proposal presented by Chairperson Rafferty to address state government administrative services with DOM being the unified authority for these services. Following discussion, the Commission determined that additional discussion of the proposal should be postponed until the next meeting and that Chairperson Rafferty would rework the language to address concerns voiced by members.

Merging of the Departments of Economic Development and Workforce Development. Senator Neal Schuerer proposed merging the Departments of Economic Development and Workforce Development to be located under one roof. He described the operations of each entity under a merged department. The merger would provide that the Labor



Division and Labor Commissioner move to the Department of Inspections and Appeals along with the Iowa Occupational Safety and Health Administration enforcement, and that workers' compensation and the commissioner move to the Insurance Division within the Department of Commerce. Following discussion, Senator Schuerer provided that he would bring language for the proposal to present at the next meeting.

Mental Health Institutes (MHIs). The members discussed a recommendation from Dr. Donald Black, President of the Iowa Psychiatric Society, to consolidate the MHIs into two campuses, one serving the western half of the state (Cherokee) and the other the eastern half (Independence). Any savings realized would be used to expand the capacity and the total number of beds available at the remaining facilities and to modernize them. The Commission also discussed the option of using net budgeting at the MHIs. Chairperson Rafferty suggested that he would develop language to be included in the recommendations side of the Commission report to recommend that a comprehensive analysis of the consolidation of the MHIs be performed with the results to be presented to the General Assembly.

Education Proposals. Ms. Diane Crookham-Johnson described proposals to address small secondary schools and administrative services. The members determined that language to express the concept of encouraging small secondary schools to consolidate would be developed for the next meeting as well as a proposal relating to a special education pilot project.

I. Ninth Meeting – December 9, 2002.

Overview. The Program Elimination Commission debated and approved recommendations. The Commission determined that its recommendations would be divided into two groups: the first group to be drafted bill form and the second group as written recommendations that can be developed further by policymakers.

Administrative Services. A proposal was approved to authorize DOM to determine how various administrative services would be delivered for Executive Branch agencies. Some exemptions were included for separately elected officials and regents institutions.

Administrative Service Boundaries. A proposal was approved for creating a task force consisting of representatives from the Judicial Branch, AEAs, CBCs, DHS, Governor, and General Assembly. The task force would be charged to make a recommendation by October 1, 2003, for the General Assembly to establish not more than eight common services areas for judicial districts, AEAs, CBCs, and DHS. If the task force fails to make a recommendation, the Legislative Service Bureau would be charged with developing a plan based upon criteria provided by the Legislative Oversight Committee.

Medicaid. Proposals to address prescription drug costs were approved. The proposals include a reduction in the prescription fill fee, methods to expand the use of generic drugs, pursuing supplemental rebates from pharmaceutical manufacturers, and directing DHS to review the feasibility of moving to a "wholesale acquisition price plus" factor for reimbursing pharmaceuticals. A proposal was also approved to require DHS to conduct



random audits and other procedures to determine recipient compliance with eligibility requirements. These proposals were revised at the December 16 meeting.

Veterans Benefits. A recommendation was approved for requiring nursing facilities receiving Medicaid to inquire regarding incoming residents' eligibility for federal veterans benefits and for involvement of veterans affairs staff in expanding such eligibility determinations.

Child Welfare. A recommendation for DHS or any other department made responsible for child welfare to develop a new system for providing children and family services that would redefine the roles played by the public and private sectors, to enter into performance-based contracts, and to implement the new system starting January 2004. Implementation of the new system is to be guided by a task force with representation from legislators, DHS, and community providers.

Early Childhood and Food Programs. Recommendations were adopted for collocating and coordinating of all early childhood care and education programs in the DOE and for the department to expand the federal food programs in order to attract additional federal funds and to improve child care.

DHS Mental Health Institutes. A recommendation was approved for the General Assembly to enact its intention to consolidate the services of the four state mental health institutes into two facilities, with one each serving the eastern and western areas of the state. However, this recommendation was revised at the December 16 meeting.

Corrections and Sentencing. Proposals were approved to address those criminal offenses in which a minimum of 85 percent of the sentence must be served (this proposal was revised at the December 16 meeting). In addition, a proposal was approved for providing for the selection and dismissal of CBC directors by an administrator of the Department of Corrections. An area CBC board would retain responsibility for services in that local area and could provide input into selection of the area director.

Clerks of Court. A recommendation was approved for the Judicial Branch to maintain a presence in each county but authorize the appointment of a clerk of court to cover more than one county.

Performance-based Budgeting. Recommendations were approved that the Legislative and Executive Branches agree on a timetable for developing a performance-based budget and for adopting a biennial budget approach in place of enacting annual budgets.

County Government. A recommendation was approved for the Legislative Council to form a commission to analyze county government processes and make recommendations by December 31, 2003.

Future Commissions. A recommendation was approved for the Legislative Council to annually establish a citizen's advisory board to review specific areas of state government.

Next Meeting. Another meeting for consideration of recommendations was scheduled for December 16 to complete consideration of proposals in these areas:



- A quality education plan for very small school districts with less than 100 high school (grades 9-12) students or less than 250 students overall that would encourage these districts to actively seek partnership opportunities to meet the needs of their students.
- Processes to encourage school districts to develop administrative efficiencies in order to realize economies of scale.
- Implementation of a pilot project for special education services to test and evaluate alternative methods.
- Sentencing reform proposals, including consideration of those contained in SF 2300 from the 2002 Legislative Session.
- Combining the Departments of Economic Development and Workforce Development. (This proposal was indefinitely deferred at the December 16 meeting.)

J. Tenth Meeting – December 16, 2002.

Overview. The Commission adopted proposals relating to very small school districts and to school district administrative services, a proposal for testing special education methodologies, and language encouraging reform of criminal penalty provisions. The Commission's recommendations will be submitted to all three branches of state government and are divided into a group that will be drafted in bill form, and a second group that is for further consideration by policymakers.

Quality Education Plan. The Commission recommended adoption of a proposal directed to small school districts with 100 or fewer students in grades 9-12 or 250 or fewer students in grades K-12. The Governor would appoint a team based upon DOE recommendation, and this team would provide initial approval or rejection of small school district plans to address curriculum, administration, total expenses, and other functions, including allowing exceptions to general DOE guidelines. The department could reject or modify a plan approved by the team. A small school district that does not implement a plan approved by December 31, 2004, would be subject to acceleration of the budget guarantee rollback. The budget guarantee is a school aid formula component that, in general, allows continuation of a district's cost authorization from a previous year even though the number of pupils in the district has declined. The budget guarantee provision was revised in the 2001 Legislative Session and, in general, school districts will be subject to a rollback over a period of 10 years.

School District Administration Functions. The Commission recommended adoption of a proposal applicable to school districts that are not subject to the quality education plan requirements but have declining enrollment and are utilizing the budget guarantee. These districts would need, by school year 2005-2006, to meet guidelines to be adopted by DOE for efficient administrative functions or be subject to acceleration of the budget guarantee rollback.

Special Education. The Commission approved a proposal for DOE to establish a special education pilot project in which 30 elementary-level students with mild or moderate learning disabilities would utilize a private provider and be subject to pre- and post-testing



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in order to measure the results of the private provider's methodologies. A report would be issued analyzing the results for these students as compared to other special education students.

Medicaid Drug Coverage. The Commission amended previously approved recommendations relating to prescription drug coverage under the Medicaid Program. The amendments are intended to ensure the use of least-cost generic drugs, including implementation of a reimbursement methodology involving applying a maximum percentage to the average drug costs in a category. Also, DHS would be directed to coordinate a preferred drug list and prior authorization program as a means of pursuing supplemental drug rebates from pharmaceutical manufacturers. In addition, a technical amendment was made in a previously approved recommendation for performing audits of recipient compliance with eligibility requirements.

Criminal Sentencing. The Commission decided against inclusion in the bill draft portion of the report of specific recommendations for revising criminal sentencing provisions. Instead, approval was given to language recommending against building of new prisons and using the savings to expand CBCs. In addition, consideration of the following changes were recommended: modifying 85 percent mandatory minimum offenses, reducing sentences for certain drug crimes, reducing sentences for crimes against property, and providing judges with additional discretion.

State Mental Health Institutes (MHIs). The Commission withdrew a previously approved recommendation for consolidating the service of the four MHIs into two facilities, with one serving the eastern portion of the state and the other serving the western portion of the state. Instead, a recommendation was adopted for the Departments of Human Services and Corrections to be directed to conduct a comprehensive study of the feasibility of using two MHIs to house prison inmates who are in need of mental health treatment. Various policy considerations are to be addressed in the study, including potential impacts on state employees. If the study shows the housing of such prison inmates or other change to MHI services is not feasible, DHS would be directed to submit proposed legislation to consolidate the four MHIs into two, as provided in the withdrawn recommendation.

Workforce and Economic Development Departments. The Commission did not proceed with proposals for merging the Departments of Economic Development and Workforce Development or to implement a pilot project to utilize a chamber of commerce or other local group to provide workforce development services at the local level.

Final Meeting. A final meeting was scheduled for December 23, 2002, from 9:30 - 11:15 a.m. to consider and approve the language of the Commission's recommendations.

K. Eleventh Meeting – December 23, 2002.

Overview. In this final meeting, the Commission reviewed draft language for the previously approved findings and recommendations to be included in the final report and made minor changes. The report is divided into two groups, with the first to be drafted in



the form of proposed legislation and the second group as written findings and recommendations that can be developed further by policymakers. See previous briefings for the Commission's meetings on December 9 and 16 for recommendations approved at those meetings. Although at earlier meetings there were votes opposing inclusion of particular recommendations, there was unanimous approval of the recommendation document.

Administrative Service Boundaries. The report includes in the legislation portion language for establishing common service area boundaries for AEAs, DHS, judicial districts, and CBCs. The Commission moved language into the legislation group for establishing an advisory committee in each new district to provide input for the planning and implementation for the staffing and operations of the new district.

Medicaid Drug Costs. The Commission discussed recent news stories about fraud involving dilution of costly prescription drugs and added new language for pursuing direct purchase from pharmaceutical manufacturers.

Child Welfare. The Commission discussed comments received from the association representing child welfare services providers questioning potential cost savings, noting these savings were raised in discussion, but not incorporated into the final recommendations, and included county representatives in a task force to be established to guide redirecting the service system to a performance-based approach.

DHS Mental Health Institutes (MHIs). The Commission broadened language calling for analysis of the feasibility of using two MHIs to house correctional facility inmates who are in need of mental health treatment to also include analysis of other alternate uses. In addition, the analysis is to identify the appropriate number of MHI beds.

III. Materials Distributed.

The following materials were distributed and are available on the Commission's Internet page (www.legis.state.ia.us/GA/79GA/Interim/2002/cominfo/progelim.htm):

A. August 15, 2002, Meeting Handouts:

1. Summary Data - General Fund, Non-General Fund, FTE's (0.4 MB)
2. PEC Process (0.3 MB)
3. 1979 - Governor's Economy Committee (13.0 MB)
4. 1983 - Governor's Task Force on Efficiencies and Cost-Effectiveness in Iowa State Government (7.0 MB)
5. 1985 - Report on State Government Reorganization, Peat Marwick (5.5 MB)
6. 1991 - State Budget and Budgeting Practices, Legislative Interim (9.5 MB)
7. 1991 - Governor's Committee on Government Spending Reform:
 - a. Final Report (10.7 MB)
 - b. Project Overview (5.7 MB)
 - c. Collections Task Force (4.8 MB)
 - d. Public Financing Task Force (11.8 MB)
 - e. Statewide Service Delivery Task Force (6.1 MB)



- f. Intergovernmental Relations Task Force (7.6 MB)
- g. Privatization in State Government (7.4 MB)
- h. Technology Enhancement Task Force (7.6 MB)
- i. Executive Branch Review Task Force (12.8 MB)
- j. 1994 – Privatization Interim Study Committee (1.0 MB)
- k. 1996 – Report on Advantages and Disadvantages of Annual and Biennial Budget, DOM (7.1 MB)
- l. 1996 – Governor’s Committee on Government Spending Reform, Fisher Commission II (7.1 MB)

B. September 5, 2002, Meeting Handouts:

- 1. LSB Overview of Statutory Bases of Programs Listed in the Commission’s Statute
- 2. State Government Programs – General Functions Identified (pdf 116 KB)
- 3. Iowa State Government Organization Charts:
 - a. Administration and Regulation (pdf 6.0 MB)
 - b. Agriculture & Natural Resources (pdf 0.7 MB)
 - c. Economic Development (pdf 1.6 MB)
 - d. Education (pdf 3.8 MB)
 - e. Health & Human Rights (pdf 3.5 MB)
 - f. Human Services (pdf 0.2 MB)
 - g. Justice System (pdf 12.2 MB)
 - h. Transportation, Infrastructure, Capitals (pdf 0.2 MB)
- 4. Materials from the Department of Management regarding the Executive Branch Proposal for consolidation of various functions into a new Department of Administrative Services (pdf 180KB)
- 5. DAS Budget Reductions
- 6. LFB Issue Review regarding the State Medical Library (pdf 562KB)
- 7. LFB Issue Review regarding the Prison Farms (pdf 320KB)
- 8. Prison Industries Presentation on Prison Farms (pdf 549 KB)
- 9. Iowa Prison Farms (pdf 5.7 MB)
- 10. LFB Issue Review regarding the State Nursery (pdf 180KB)
- 11. LFB Issue Review regarding the Department of General Services Vehicle Fleet (pdf 1.2 MB)
- 12. Dept. of General Services talking points on LFB Vehicle Fleet Issue Review (pdf 141 KB)

C. September 16, 2002, Meeting Handouts:

- 1. Appropriations – FY 1994 to FY 2003 Comparison (pdf 189 KB)
- 2. Iowa Tax Expenditures 2000 prepared by the Department of Revenue and Finance <http://www.state.ia.us/tax/taxlaw/taxexp01.pdf> (590KB)
- 3. Governor’s Budget in Brief for FY 2002-2003 [Note: this link provides the Governor’s budget proposals submitted prior to legislative action on the budget and narrative supporting the proposals. The financial tracking document distributed at the first Commission meeting provides actual enacted budget information.] http://www.state.ia.us/governor/agenda/budget_in_brief/index.html
- 4. Appropriations – FY 1994 to FY 2003 Comparison (in chart form)
- 5. DOM Program Database – Public Safety, Workforce & Economic Development, and Strong Families



D. October 7, 2002, Meeting Handouts:

1. State Public Defender Functions (pdf 189 KB)
2. Department of Justice (Attorney General) Functions (pdf 189 KB)
3. Department of Corrections Presentation on Corrections Trends (pdf 189 KB)
4. Overview of Community-based Corrections (CBC) Administration (pdf 189 KB)
5. LFB Issue Review: Alcoholic Beverages Warehouse and State Liquor Wholesaling (pdf 50 KB)
6. Correctional Privatization: Arguments for and Against
7. Correctional Privatization: Quality Analysis of Private versus Public
8. Correctional Privatization: Private Prison Census information
9. Correctional Privatization: Various articles and information on private vs. public prisons
10. LFB Issue Review Linked Deposits Program (pdf 225 KB)
11. Attorney General
 - a. Legal Services Persons in Poverty Grants (pdf 72 KB)
 - b. Attorney General: Prosecuting Attorney Training
12. Department of Economic Development (pdf 50 KB)
13. DED Job Training Program Data (pdf 83 KB)
14. DED Job Training Program Descriptions (pdf 710 KB)
15. DED Programs and Performance Measures (pdf 65 KB)
16. DED Strategic Plan (pdf 116 KB)
17. Department of Elder Affairs
 - a. Budget for FY03 (pdf 52 KB)
 - b. Department Functions (pdf 219 KB)
 - c. Establishment of a State Unit on Aging (pdf 680 KB)
 - d. Older Iowans' Legislature Legislative Priorities (Sept. 02) (pdf 145 KB)
18. Department of Human Rights Functions
 - a. Commission on Latino Affairs Functions (pdf 99 KB)
 - b. Division of Deaf Services Budget for FY03 (pdf 37 KB)
 - c. Division of Deaf Services Agency Performance Plan for FY03 (pdf 54 KB)
 - d. Iowa Commission on the Status of Women Functions (pdf 168 KB)
 - e. Commission on the Status of African-Americans 2002 Annual Report (pdf 379 KB)
 - f. Memo to PEC from Persons w/ Disabilities Program (pdf 211 KB)
 - g. Division of Disabilities Overview (pdf 63 KB)
 - h. Division of Disabilities Strategic Plan (pdf 70 KB)
 - i. 1996 Study of the Structure of the Dept of Human Rights (pdf 540 KB)
19. Suggestions for the Program Elimination Commission Received from Public (as of 9/27/02) (pdf 74 KB)
20. CBC Accounting System Report Follow-up (pdf 90 KB)
21. Art Small's Corrections Presentation Materials (additional materials may be accessed at: www.artsmall.net):
 - a. LFB Analysis of DOC Funding History (pdf 46 KB)
 - b. Iowa Crime Rates 1971-2001 (pdf 59 KB)
 - c. DOC New County Attorneys Presentation (pdf 384 KB)
 - d. CBC Proposal to Iowa Bar Assoc. Study Group (pdf 47 KB)
 - e. Sentencing Proposal for PEC - Option 1 (pdf 183 KB)
 - f. Sentencing Proposal for PEC - Option 2 (pdf 196 KB)
 - g. Sentencing Proposal for PEC - Option 3 (pdf 165 KB)



- h. [Sentencing Proposal for PEC - Option 4](#) (pdf 84 KB)
 - i. [Iowa Sentencing Enhancements Table](#) (pdf 141 KB)
 - j. [Iowa DOC presentation to PEC](#) (pdf 290 KB)
22. Iowa Alcoholic Beverages Division Presentation Materials:
- a. [ABD Organizational Chart](#) (pdf 130 KB)
 - b. [News Excerpts Concerning Wine Privatization](#) (pdf 61 KB)
 - c. [Analysis of Wine Revenue Shortfall](#) (pdf 34 KB)
 - d. [Liquor Markup Statute](#) (pdf 68 KB)
 - e. [Central State Excise Tax Rates](#) (pdf 92 KB)
 - f. [ABD Customer Meeting flyer](#) (pdf 848 KB)
 - g. [FY 02 Revenue Generated](#) (pdf 98 KB)
 - h. [FY 02 Revenue Transferred](#) (pdf 113 KB)
23. [Judicial Branch receipts FY 99-02](#) (pdf 50 KB)

E. October 14, 2002, Meeting Handouts:

- 1. Medicaid
 - a. [Medicaid Overview](#) (pdf 211 KB)
 - b. [Medicaid Medical Services: Amount, Scope, and Duration](#) (pdf 203 KB)
 - c. [hawk-i: State Children's Health Insurance Program](#) (pdf 140 KB)
 - d. [Medicaid Waiver Information](#) (pdf 131 KB)
- 2. DHS Institutions
 - a. [DHS Institutions - Overview](#) (pdf 67 KB)
 - b. [DHS Institutions - Space Utilization](#) (pdf 75 KB)
 - c. [DHS Institutions - Budget & Service Information](#) (pdf 96 KB)
 - d. [Description for Eldora, Toledo, CCUSO](#) (pdf 57 KB)
- 3. Veterans Programs
 - a. [Policy Option: Combining Veterans Programs](#) (pdf 89 KB)
 - b. [Policy Option: Pros and Cons of Combining Veterans Programs](#) (pdf 89 KB)
- 4. Substance Abuse & Mental Health
 - a. [DHS Overview of Mental Health and Substance Abuse Services](#) (pdf 134 KB)
 - b. [Mental Health & Substance Abuse Managed Care Contract \(DHS\)](#) (pdf 58 KB)
 - c. [Substance Abuse Prevention & Treatment \(DPH\)](#) (pdf 105 KB)
 - d. [Office of Drug Control Policy Substance Abuse Prevention Programs](#) (pdf 91 KB)
 - e. [LFB Issue Review: Office of Drug Control Policy](#) (pdf 149 KB)
- 5. Common Areas of Focus: [Human Services and Public Health - Common Programs](#) (pdf 70 KB)
- 6. Judicial Branch (follow-up information)
- 7. [LFB Issue Review: Judicial Branch Revenue](#) (pdf 36 KB)
- 8. Department of Corrections (follow-up information)
- 9. [LFB Memo on Prison Farms](#) (pdf 113 KB)

F. November 12, 2002, Meeting Handouts:

- 1. [Iowa Education Roundtable Report](#) (pdf 5.5 MB)
- 2. [LSB Legislative Guide: Area Education Agencies](#) (pdf 168 KB)
- 3. [LSB Legislative Guide: Basic Iowa Education Finance](#) (pdf 226 KB)
- 4. [LSB Background Statement: Community Colleges](#) (pdf 204 KB)



5. Materials Provided by Iowa's Area Education Agencies (pdf 4.6 MB)
6. School infrastructure information requested by the Program Elimination Commission (pdf 2.6 MB)
7. Articles provided by the Department of Education:
 - a. "Dept. of Education Organization and Budget Information" (pdf 778 KB)
 - b. "Streamlining Efforts" (pdf 128 KB)
 - c. Department of Education Materials Providing Statistics and Proposals (pdf 2.6 MB)
8. Materials provided by Educational Resource Associates, Inc (pdf 2.7 MB)
9. Criminal Justice System:
 - a. "Alternatives to Prisons are Needed" by Art Small (pdf 435 KB)
 - b. "Iowa Corrections System Costs and Recommendations for Change" Initial Draft by Art Small (pdf 1.2 MB)
10. Administrative Services Proposal by Chairperson Rafferty (pdf 40 KB)
11. Common Areas of Focus in the Department of Public Health and the Department of Human Services (pdf 70 KB)
12. DHS Comments on Common Areas of Focus (pdf 1.6 MB)
13. Dept. of Human Rights Fiscal Information (follow-up) (pdf 86 KB)
14. Suggestions for the Program Elimination Commission Received from Public (9/28-10/29) (pdf 136 KB)
15. Report on Iowa Public Infrastructure Needs - 1995 (pdf 7 MB)

G. November 18, 2002, Meeting Handouts:

1. DHS Information on Early Childhood Programs (pdf 165 KB) (*agenda item*)
2. Proposals on DHS and DPH Merger and Medicaid (pdf 15.2 MB) (*agenda item*)
3. Coalition for Family & Children Services Concept Paper (pdf 92 KB) (*agenda item*)
4. Dept. of Inspections & Appeals Info on ICFMR (pdf 49 KB) (*agenda item*)
5. Member Proposals Submitted for 11/18 Meeting (9K HTML)
6. Memo to PEC from Art Small, Nov. 18, 2002 (pdf 68 KB)
7. "Iowa Corrections System Costs and Recommendations for Change" Second Draft by Art Small (pdf 148 KB)
8. Dept. of Inspections & Appeals follow-up: Welfare Fraud (pdf 42 KB)
9. DHS Follow-up Documents:
 - a. DHS Follow-up Information Concerning Institutions (pdf 73 KB)
 - Fixed and Variable Costs at MHIs (pdf 53 KB)
 - Woodward Resource Center Projects (pdf 40 KB)
 - Glenwood Resource Center Projects (pdf 61 KB)
 - Mt. Pleasant MHI Projects (pdf 50 KB)
 - FY 03 DHS MM Facilities Request to VIAC (pdf 69 KB)
 - Cherokee MHI & Sexually Violent Predator Unit Projects (pdf 67 KB)
 - Clarinda MHI Projects (pdf 46 KB)
 - Independence MHI Projects (pdf 66 KB)
 - Toledo Juvenile Home Projects (pdf 47 KB)
 - Eldora Training School Projects (pdf 51 KB)
 - b. Distribution of Social Worker Positions (pdf 44 KB)
 - c. DHS Medicaid Follow-up:
 - Interdependency of Medicaid With Other Human Services Programs (pdf 83 KB)
 - Medicaid Trend Info (pdf 105 KB)
 - Medicaid Questions Answered (pdf 61 KB)
 - Medicaid Reversion History (pdf 37 KB)
 - Medicaid Monthly Expenditures & Eligibles (pdf 29 KB)
 - Nursing Facility Residents & Medicaid Coverage (pdf 66 KB)



- d. DHS hawk-i Follow-up:
 - [hawk-i Questions Answered](#) (pdf 135 KB)
- e. DHS Child Care Follow-up:
 - [Child Care Program](#) (pdf 55 KB)
 - [Child Care Costs & Eligibles](#) (pdf 46 KB)

H. December 3, 2002, Meeting Handouts:

1. [Sentencing Reform Editorials](#) (pdf 2.1 MB)
2. [LFB Response to Corrections Proposals](#) (pdf 85 KB)
3. [DHS Institutions Residents, Staff, Capacity and Maintenance Data and Issues](#) (pdf 53 KB)
4. [DHS Institutions Consolidation Considerations from DHS](#) (pdf 30 KB)
5. [Veterans Affairs Proposal](#) (pdf 70 KB)
6. [Biennial Budgeting](#) (pdf 1.7 MB)
7. [Reducing the Legislature](#) (pdf 24 KB)
8. [Dept. of Education Response to PEC Proposals](#) (pdf 18 KB)
9. [Parole Board Information](#) (pdf 478 KB)
10. [Pharmacy Cost Containment](#) (pdf 3.4 MB)
11. [Medicaid Responses from DHS](#) (pdf 689 KB)
12. [Veterans' Benefits](#) (pdf 259 KB)

I. December 9, 2002, Meeting Handouts:

1. [Medicaid - Continued Eligibility](#) (pdf 45 KB)
2. [Net Budgeting Proposals](#) (pdf 79 KB)
3. [Updated Administrative Services Proposal](#) (pdf 17 KB)
4. [School Consolidation Information](#) (pdf 8 KB)
5. [Education Proposals](#) (pdf 15 KB)
6. [Early Childhood Proposals](#) (pdf 10 KB)
7. [PEC Proposals](#) (pdf 43 KB)
8. [Child Welfare](#) (pdf 23 KB)
9. [Regents Response to PEC](#) (pdf 65 KB)
10. [IDED and IWD Merger](#) (pdf 31 KB)

J. December 16, 2002, Meeting Handouts:

1. [Medicaid Drug Coverage Recommendation Revisions](#) (pdf 38 KB)
2. [Chairperson's Estimates of Savings from Recommendations](#) (pdf 68 KB)
3. [Mental Health Institute Revised Recommendation](#) (pdf 49 KB)
4. [Sentencing Reform Revised Recommendation](#) (pdf 28 KB)
5. [Education Revised Small Schools and Administration Proposals](#) (pdf 51 KB)
6. [Education Revised Special Education Pilot Project Proposal](#) (pdf 50 KB)
7. [Mental Health Institute Original Proposal: Cherokee Area Comments](#) (pdf 59 KB)
8. [Education Proposals: Iowa Association of School Boards Comments](#) (pdf 40 KB)



K. December 23, 2002, Meeting Handouts:

1. Draft Recommendations Considered at December 23 Meeting (pdf 74 KB)
2. Corrections and Sentencing Report by Commission Member Art Small (Dec. 23 Draft) (pdf 222 KB)
3. Child Welfare Proposal: Coalition for Family and Children Services Comments

IV. Recommendations.

Overview. The Commission determined that its recommendations would be divided into two groups: the first group to be drafted in bill form and the second group as written findings and recommendations that can be developed further by policymakers.

A. Recommendations To Be Drafted Into a Comprehensive Bill.

1. State Government Administrative Services.

- a. The Department of Management (DOM) shall have the authority to determine how the services of all executive branch agencies, community-based corrections districts, and other state government entities (except Judicial Branch, Legislative Branch, separately elected officials, area education agencies [AEAs], and community colleges) shall be delivered for the following services: Printing, Information Technology, Mail, Human Resource Benefits/Payroll, Financial Accounting, Property Management, Fleet Management, and Purchasing.
- b. The DOM shall determine which department or government entity shall be the Delivering Agency or Lead Agency for each Service Area. The DOM may be a Lead Agency. A "Delivering Agency" is an agency that delivers the actual service, but is not the primary agency setting policy for the service. A "Lead Agency" is an agency that may or may not deliver the service, but does set policy and may assign a Delivering Agency or a nonstate entity to deliver the service. DOM or a Lead Agency may assign more than one Delivering Agency and may delegate the authority to designate a Delivering Agency or Agencies to a group of government consumers of the service. DOM or the consumer group may also select a nonstate entity to deliver the service.
- c. The State Board of Regents shall be exempt from these provisions for Information Technology and Mail. The DOM may exempt the Regents from other Service Areas.
- d. The DOM or each Lead Agency, as applicable, may delegate responsibilities to any government subdivision for the purposes of fulfilling that Lead Agency's or the government subdivision's needs in a Service Area.
- e. Printing: By July 1, 2004, the DOM or the Printing Lead Agency shall submit a Request for Proposal (RFP) for a managed competition for



printing services. The RFP shall allow for the awarding of all or parts of printing services to government or nonstate entities.

- f. Technology: The Lead Agency shall be responsible for determining the means of delivery for all information technology services, including determining which services shall remain the responsibility of individual departments. The DOM or Lead Agency shall determine the appropriate application development activities remain as responsibilities of the departments or entities. As of July 1, 2003, all employees delivering technology services shall be transferred to the Lead Agency or Delivering Agency and any funding appropriated for such services shall also be transferred, as determined by the DOM.
- g. The three current major data centers shall be physically merged into one data center as expeditiously as possible, no later than July 2004.
- h. Fleet Management: The DOM may limit unified fleet management responsibilities to cars and small trucks. By July 1, 2005, the fleet management operations shall be subject to a managed competition process. Any one-time savings shall be amortized based on state government's average borrowing cost for funds over the preceding five years.
- i. The State Auditor shall have an opportunity to comment on the designation of Lead Agency, Delivering Agency, and a decision for soliciting or using nonstate entities. The State Auditor shall comment on any Managed Competition RFP prior to issuance and be involved in the award process. The State Auditor's role is to provide advice as to whether an approach offers the best opportunity for reducing state government costs.
- j. "Managed Competition" means a process that allows both state government entities or units and nonstate entities to provide bids for government services. The process may result in multiple providers. The process shall take into account the true cost accounting costs for state government entities. The use of managed competition shall not preclude the use of other entrepreneurial steps in any area.
- k. It is intended for this language to be implemented in a manner that overrides or modifies any Iowa Code or Iowa Rule language that contradicts or restricts the intent of the language.

2. Administrative Service Boundaries.

- a. A task force shall be created comprised of a representative each from the area education agencies (AEAs), Department of Human Services (DHS) and community-based corrections (CBCs); two citizens appointed by the Governor; a representative appointed by the Chief Justice; a citizen appointed by the majority party leadership of the General Assembly; and a



citizen appointed by the minority party leadership of the General Assembly. The task force shall make recommendations to the General Assembly for common boundaries for AEAs, DHS, judicial districts, and CBCs by October 1, 2003. If the task force fails to make a recommendation, the Legislative Oversight Committee shall provide criteria upon which the Legislative Service Bureau (LSB) shall design a plan with common boundaries to be submitted to the General Assembly by December 31, 2003. The boundaries shall consist of no more than eight districts, although any entity may have fewer districts if the larger district boundaries are consistent with the smaller district boundaries. In developing the plan design, LSB shall consider the needs of the entities and shall identify the boundaries that will provide the greatest efficiencies, while maximizing the ability to deliver service with limited financial resources.

- b. An advisory committee shall be established in each new district to provide input for the planning and implementation of the staffing and operations of the new district.

3. Medicaid.

- a. The maximum prescription fill fee shall be lowered from \$5.17 to \$4.00.
- b. Generics. DHS shall implement rules that ensure full use of the least-cost generic drugs for all categories where there have been at least three "AB rated" drugs established. DHS shall set reimbursement at no more than 135 percent of the average cost drug in the category, subject to the upper limits already defined in law. The average may be set using data from national buying groups, which are accessible for all pharmacists. DHS shall have flexibility to implement the intent of this language to ensure federal compliance and administrative efficiency.
- c. Drug Costs. DHS shall coordinate a preferred drug list and prior authorization program as a basis to pursue supplemental rebates from pharmaceutical companies. DHS shall pursue negotiations with pharmaceutical companies, including possible regional collaboration, to achieve supplemental rebates or to apply other means such as direct purchase from manufacturers to reduce the cost of pharmaceuticals.
- d. Eligibility Determination. DHS, in coordination with the Auditor of State, shall perform random audits of Medicaid recipients to determine compliance with eligibility requirements. DHS shall implement additional screening procedures, including but not limited to expanded employment checks with the Department of Revenue and Finance, if audit results indicate a cost-benefit return for additional procedures. The additional screening procedures in this paragraph shall not be interpreted to include a



requirement for monthly reporting by recipients. DHS shall report such activities to the Joint Legislative Oversight Committee.

4. Medicaid – Veterans' Benefits.

Nursing homes receiving Medicaid reimbursement shall inquire with all incoming residents about the potential of eligibility for veterans' benefits and report such information to the Commission of Veterans Affairs. The Commission of Veterans Affairs or Department of Inspections and Appeals shall adopt rules implementing this provision. The Commission of Veterans Affairs may request additional information regarding current residents. The Program Elimination Commission recommends the designation of a full-time equivalent (FTE) position in state government to be assigned to work with nursing home residents and the county directors of veterans affairs be directed to collaborate with the Commission of Veterans Affairs staff so that Iowa veterans and their eligible dependents can receive the benefits to which they are entitled. Nursing homes shall be required to access veterans' benefits, if available, prior to use of Medicaid dollars.

5. Child Welfare

The Department of Human Services or other department responsible for child welfare (Children's Authority) shall redefine the roles that both the public and private sectors play in the provision of children and family services. The term "Children's Authority" applies either to DHS or to any other department designated for this function by law.

- a. The Governor shall establish a task force, and the membership shall include representatives of the major political parties from each chamber of the General Assembly appointed by the Legislative Council. The task force shall include representation from DHS, counties, and community agencies. The task force shall provide guidance to DHS in the development of the specifics of the contracts and requirements of the new system.
- b. The Children's Authority shall do all of the following:
 - Identify needs and determine service eligibility.
 - Make referrals to service delivery entity.
 - Provide state oversight and ensure regulatory compliance through an integrated contract management, licensing, and certification process.
 - Act as liaison with the federal government.
 - Pay for the services.
- c. Community agencies shall do all of the following:
 - Act as the service delivery entity and manage the service delivery system.
 - Act as the case manager and develop the treatment plan.
 - Provide treatment services and follow-up.
 - Comply with contract, licensing, and certification requirements.



- d. The Children's Authority shall enter into performance-based contracts (pursuant to the provisions of the Accountable Government Act) with community agencies to carry out the responsibilities outlined above. The performance-based contracts with community agencies shall ensure proper documentation is maintained, risks and liabilities are shared, and flexibility is provided for innovative care.
- e. Implementation of the new system shall begin January 1, 2004. Upon request by the task force, provisions may be made for a graduated implementation.
- f. It is recommended that the General Assembly consider designating a full-time FTE devoted to implementation, located in DHS or DOM.

6. DHS Mental Health Institutes.

- a. In order to more fully utilize Iowa's four state mental health institutes (MHIs), the Iowa Department of Human Services and Iowa Department of Corrections (DOC) shall conduct a comprehensive study to be concluded by December 31, 2003, of alternate uses, such as the feasibility of using two of the four MHIs as institutions to house those correctional facility inmates who are in need of mental health treatment. The feasibility study shall consider whether these institutions would significantly ease prison overcrowding, would significantly increase the success of rehabilitative efforts directed at inmates, and whether the reorganized institutions could be operated without requiring additional operating financial resources from the state budget than are currently provided to operate the four MHIs and provide mental health treatment in Iowa's prisons. The study shall include analyses from both DHS and DOC addressing the potential effects of various options on the state employee workforce at the facilities. The study shall also include analysis identifying the appropriate number of MHI beds.
- b. If the study demonstrates that such a transformation is feasible, DHS and DOC shall submit legislation to the Iowa General Assembly for the 2004 Legislative Session to implement the transformation. If the study demonstrates that this transformation, or any other transformation is not feasible, then DHS shall submit legislation to the Iowa General Assembly for the 2004 Legislative Session that would implement the consolidation of the MHIs into two facilities, with one serving the eastern portion of the state, and the other serving the western portion of the state.

7. Community-based Corrections.

With projected increased reliance on community-based corrections (CBCs) and the importance of creating a consistent CBC environment, to reduce the backlog of over 400 inmates waiting in prison to enter a CBC and to ensure proper accountability, a CBC administrator shall be appointed by the Governor and shall



report to the Director of the Department of Corrections. The CBC area directors shall report to and serve at the pleasure of the new administrator, but local boards shall have input into the selection of the area director. Further, local boards shall maintain their remaining responsibilities to provide local guidance for the area CBC. The DOC board membership will be temporarily expanded by two slots designated for CBC board members and these slots will remain permanent, but the board's total number of directors shall be reduced to its previous number as two other undesignated slots attrition off at the end of member terms.

B. Education. (These provisions will be prepared as a separate bill.)

Purpose. The Commission members agreed upon the importance of implementing steps to encourage school districts to use as many of their limited resources in the most efficient and effective manner to provide a quality education. Change is needed in our school districts to reduce the administrative costs of education to maximize the dollars spent in the classroom and to ensure the smallest high schools and districts can continue to provide the level of quality education expected in Iowa.

The Commission recommends the provisions in this section be drafted in separate legislation to ensure a focused debate that allows for improving the work contained herein.

The recommendations contain enforcement provisions designed to stimulate rapid change within Iowa's school system.

Change occurs slowly in any organization unless a catalyst exists to force more rapid change. The legislatively driven reduction in school districts in the 1950s and 1960s resulted in the reduction of school districts from 4,652 to 452. Without the General Assembly driving change in the past 30 years, Iowa only experienced a reduction to 374 districts.

History has shown that change will happen slowly in our school system without an outside stimulus. Since new dollars are not likely to exist for expanding incentives to encourage districts to share administrative expenses, the Commission's recommendations utilize the budget guarantee provisions to create a climate for greater change.

1. Quality Education Plan.

- a. The Program Elimination Commission recognizes rural education plays a vital role in Iowa's economic future. Students graduating from Iowa's school systems need access to a curriculum designed to allow success in postsecondary programs and in the workplace. The Iowa school experience must provide rich and deep course offerings taught by qualified teachers.
- b. With declining enrollment, Iowa's smallest high schools (grades 9-12), those under 100 students, and Iowa's smallest school districts, those under 250 students, must actively seek partnership opportunities to meet the needs of their students.



- c. The Department of Education shall provide a report to the General Assembly by February 1, 2003, to establish a Quality Education Team (Team) appointed by the Governor consisting of two members representing DOE, and four members representing rural school districts. The Team shall request all school districts with high school populations of less than 100 students or total K-12 populations of less than 250 students to develop Quality Education Plans (Plan). A Plan shall include curriculum content, administrative functions, and total district expense budgets for a four-year period beginning with the 2004-2005 school year. The Plan may include options for regional academies, public schools in non-public-owned buildings, or the reinvention of public schools allowing for flexibility in operations outside the general DOE guidelines, including exceptions to requirements for certified teaching staff.
- d. A school district's Plan shall be submitted no later than April 30, 2004, for review and approval by the Team. DOE may reject or modify an approved plan.
- e. Approved Plans shall be implemented with the 2004-2005 school year.
- f. Plans not approved by the Team will be allowed a second review process with opportunities available for approval until December 31, 2004, and implementation to begin with the 2005-2006 school year and continuing for four years.
- g. Plans not approved by December 31, 2004, shall result in nonapproved school districts moving to a budget guarantee rollback plan that is accelerated at twice the rate of the existing rollback plan.
- h. All districts operating under an approved Plan will remain on the existing budget guarantee rollback plan.

2. Administrative Functions Within School Districts.

- a. With limited dollars available, reducing administrative costs within our schools is crucial. The sharing of administrative services between and among school districts offers a tremendous opportunity to reduce those costs, and enable a greater portion of state resources to go directly to the classroom. In addition to reduced costs, the sharing will allow greater skills and expertise to help improve the overall operations of our districts. Administrative functions within a school district include, but are not limited to, the business office, human resources, food services, and transportation. Efficiencies may be gained between two school districts, districts forming regional cooperatives, or districts choosing to work with another governmental agency or by contracting with an outside vendor.
- b. To provide opportunities for school districts not participating in the Quality Education Plan, the Department of Education shall provide a plan to the General Assembly by February 1, 2004, to establish a process that



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defines efficient administrative functions and requires all school districts on a state budget guarantee to participate by the 2005-2006 school year.

- c. School districts not meeting the guidelines by the 2005-2006 school year shall move to a budget guarantee rollback that is accelerated at twice the rate of the existing rollback plan.
- d. Districts operating under the guidelines shall remain on the existing budget guarantee rollback plan.

3. Pilot Project for Special Education.

- a. Recognizing that the State of Iowa is a leader in special education and the Department of Education's desire to assist children with special needs in receiving services and opportunities that challenge them to learn, grow, and develop to their fullest extent, to ensure that students are treated as individuals rather than as a category or group, to assist students in becoming contributing members of the community, and for the state to remain number one in special education services, methods of instruction should constantly be evaluated to ensure the state is meeting the unique needs of individual children.
- b. Because of this direction established by the Department of Education, contingent upon approval by the federal Department of Education, a pilot program shall be implemented through a selected area education agency (AEA). The pilot program shall test an alternative teaching method for 30 students in grades one through five with mild or moderate learning disabilities. For a student to be considered for participation, the program must first be determined appropriate to meet the special education needs of the student by the Individualized Education Plan (IEP).
- c. The students shall participate at a private provider's facility for one semester. The goal of the pilot program shall be for the student to, at a minimum, attain the education goals the IEP team has set forth and no longer require special education services.
- d. The participating students shall be pre- and post-tested to measure the results of the private provider's methods. A complete report of the pilot program and an analysis of its results shall be submitted to the Legislative Council within six months of the completion of the program. The report shall, at a minimum, analyze the achievement results of the students involved in the pilot program compared to their counterparts' results.



C. Report Recommendations. These recommendations are for inclusion in the report, but not for inclusion in the Commission's bill draft.

1. Administrative Service Boundaries.

The Commission encourages the Governor and General Assembly to support an expedited process for the drawing of common service boundaries for judicial districts, area education agencies (AEAs), Department of Human Services (DHS), and community-based corrections (CBCs) that would provide a proposal by March 1, 2003, for consideration in the 2003 Legislative Session. If a proposal is submitted as a result of this recommendation and enacted into law, the task force in item A-2 will be unnecessary.

2. Medicaid – Drug Costs.

A review of further steps to eliminate wholesale acquisition costs and a review of the feasibility of moving to a "wholesale acquisition price plus" factor reimbursement methodology are recommended.

3. Early Childhood and Food Programs.

- a. It is recommended that the General Assembly study the feasibility of collocating and coordinating all programs dealing with early childhood care and education in the Department of Education, including but not limited to state child care assistance, public preschool programs, community empowerment grants, and the registration and licensing of all child care homes and centers.
- b. It is recommended that the General Assembly encourage the Department of Education to expand the Child and Adult Care Food Program as a method of attracting additional federal funds to improve the amount and quality of child care in Iowa.

4. Corrections and Sentencing.

- a. The Commission recommends against the building of new prisons to handle the projected significant increase in the inmate population. From information and testimony that the Commission received, a less expensive approach that would increase the public safety long term would be to channel dollars that would otherwise go to prison expansion to expanding community-based corrections and other programs designed to reduce recidivism.
- b. To further reduce the need for additional prisons, the General Assembly should adopt sentencing reforms. As the General Assembly debates these measures, consideration should be given to all of the following:
 - i. Making modifications to the 85 percent mandatory minimum sentence offenses.
 - ii. Reducing sentences for certain drug crimes.



- iii. Reducing sentences for crimes against property.
- iv. Providing judges additional discretion.
- c. Commission member Mr. Art Small has done considerable research on this topic and a more in-depth report on this issue can be found on the Program Elimination Commission's Internet page at: <http://www.legis.state.ia.us/GA/79GA/Interim/2002/comminfo/progelim.htm>

The Commission is not recommending any specific language as part of the Commission's recommendations that are prepared in bill form, in part, because of the constitutional restrictions against including sentencing reform in legislation dealing with other topics.

5. Clerks of Court.

The Commission recommends providing flexibility to the Judicial Branch to restructure service delivery with the intent of maintaining a presence in each county but authorizing the appointment of a clerk of court to serve as clerk of more than one county.

6. Performance and Biennial Budgeting.

- a. The Commission strongly recommends the Legislative and Executive branches agree on a strict timetable for the development of a performance-based budget, which would present department budgets around specific results intended to be achieved. Result measures would be required to be reported for each area of the budget. This approach will provide legislators with budget information that more readily enables spending decisions based on priorities and policy. The Commission was stymied in its efforts to evaluate programs due to a lack of data and the current organization of the budget.

The implementation of the new financial and budgeting system provides an ideal time for performance budgeting to be implemented.

- b. While not a unanimous position of the Commission, it is further recommended that the General Assembly adopt a biennial budget along with the implementation of a performance-based budget. Biennial budgeting will enable department employees to focus more long term and focus greater energies on strategic initiatives. Biennial budgeting will allow legislators to focus on performance issues and be involved in more depth on policy issues during the off-year cycle.

7. County Government.

A commission shall be formed by the Legislative Council to analyze the processes of county government and make recommendations for changes that can increase the efficiencies and effectiveness of delivering county services. The commission report shall be submitted to the Legislative Council by December 31, 2003.



8. Future Commissions.

The Commission has found the process of the Program Elimination Commission to be productive and recommends that the process be continued in a more focused manner. The Commission encourages the Legislative Council to annually establish a citizen's advisory board to review specific areas of state government as determined by the Legislative Council. An advisory board's membership should be comprised of individuals with experience relating to the agencies, departments, or programs under review.

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