



Community Empowerment

ISSUE

The Community Empowerment initiative is in the 12th year and undergoing review for a possible redesign. This ***Issue Review*** provides a history of the program, a review of the current status, and some highlights from the redesign process that is underway.

AFFECTED AGENCIES

Department of Management
Department of Economic Development
Department of Education
Department of Human Rights
Department of Human Services
Department of Public Health
Iowa Workforce Development

CODE AUTHORITY

Chapter 28, Code of Iowa

BACKGROUND

The Community Empowerment initiative was established in statute in 1998 in Senate File 2406. The stated purpose of the legislation was to “create a partnership between communities and State government by gradually implementing a statewide system of community empowerment areas . . . to improve the well-being of families with young children . . . [and] to reduce duplicative bureaucratic requirements that are barriers to community efforts to improve the efficiency and effectiveness of local education, health, and human services programs.”

Following is the current statement of the purpose and scope of the initiative in Chapter 28, Code of Iowa:

1. The purpose of creating the community empowerment initiative is to empower individuals and their communities to achieve desired results for improving the quality of life in the communities in this state. . . . The role of the Iowa empowerment board, the state, and local governments is to support and facilitate growth of individual and

community responsibility in place of the directive role that the public has come to expect of government.

2. It is intended that through the community empowerment initiative, every community in Iowa will have developed the capacity and commitment for using local decision making to achieve the following initial set of desired results:
 - a. Healthy children.
 - b. Children ready to succeed in school.
 - c. Safe and supportive communities.
 - d. Secure and nurturing families.
 - e. Secure and nurturing child care environments.
3. To achieve the initial set of desired results, the initiative's primary focus shall first be on the efforts of the state and communities to work together to improve the efficiency and effectiveness of early care, education, health, and human services provided to families with children from birth through age five years.
4. It is anticipated that the scope of the initiative will expand as additional desired results are identified and agreed upon by communities and the state. It is the intent of the general assembly to identify from time to time the additional desired results in statute.

The statute established the Iowa Empowerment Board (IEB) to oversee the State and community efforts and created a team of State agency representatives to provide technical assistance and support to the local Empowerment areas. The State agencies currently represented on the IEB and the Technical Assistance (TA) Team are the Departments of Economic Development, Education, Human Rights, Human Services, and Public Health, and with Iowa Workforce Development. The Office of Empowerment is established as a division of the Department of Management.

The IEB also includes 16 citizen members appointed to three-year terms by the Governor and subject to Senate confirmation. The citizen members must include at least two people from each Congressional district and must reflect the State's ethnic, cultural, social, and economic diversity. The local Empowerment boards nominate individuals for appointment to the IEB. The Governor's appointees must include people with interests in early care, education, health, and human services, as well as representatives of the business and faith communities. One citizen member must be a service consumer or parent of a service consumer. Four legislators serve as ex officio members, representing the majority and minority parties in the House and Senate.

The Office of Empowerment is staffed by a Facilitator appointed by the Governor and subject to Senate confirmation. In addition, current funding provides for a Community Liaison, a Family Support Coordinator, and the half-time position of First Years First Coordinator.

Information regarding the current membership of the IEB and Empowerment staff is available at: <http://www.empowerment.state.ia.us/>.

ESTABLISHMENT OF LOCAL BOARDS

The 1998 legislation permitted local Community Empowerment areas to self-identify, following school district and county boundaries to the extent possible and subject to approval by the IEB.

Through this process, 58 local areas were established, covering all of Iowa's 99 counties. Each area's boundaries follow county boundaries. School districts that cross county boundaries may be included in more than one local Empowerment area.

The local boards are responsible for administering available State, federal, local, and private funds. To be eligible for State funding, the local board must have an approved School Ready Children Grant plan for use of the money.

Decategorization – The local Empowerment boards are required to coordinate planning and budgeting with the governing boards for local Decategorization Projects. Decategorization Projects were established under Section 232.188, Code of Iowa, to create a streamlined system of delivering child welfare and juvenile justice services. In addition, through mutual agreement, the Empowerment board can assume the responsibilities of the Decategorization board or the Decategorization board can become a committee of the Empowerment board. Eight local Empowerment boards have assumed responsibility for Decategorization Projects under this provision.

Fiscal Agents – Local Empowerment boards are required by statute to designate a fiscal agent for funds administered by the board. The fiscal agent may be a State public agency, a Community Action Agency, an Area Education Agency, or a nonprofit corporation. The statute does not specify the duties or responsibilities of a fiscal agent.

Local Coordinators – Most local boards hire an individual, full- or part-time, to coordinate the responsibilities of the board. Many local coordinators are employed by other social service agencies, with a portion of their time paid by and dedicated to the local Community Empowerment effort.

Redesignation – As required in statute, the IEB has established rules regarding the designation of local Empowerment areas and boards. Each area and board is designated by the IEB for a three-year term. At the end of the term, the Technical Assistance Team conducts an extensive review and assessment, in cooperation with the local board and coordinator, including the board's community plan, annual report, and operations and bylaws. The Team then makes recommendation to the IEB for either a full three-year redesignation or a conditional one-year designation.

Under conditional designation, the local board must successfully complete an improvement plan within the year to be recommended for an additional two-year redesignation. If the plan is not completed successfully, the TA Team may recommend to the IEB that the local board be dissolved and restructured.

One-third of the local areas are scheduled for the redesignation process each year.

STATE FUNDING

Local Empowerment boards receive annual State funding in the form of School Ready Grants (SRGs) to be used primarily for preschool and family support services for families with children ages 0-5. The boards are permitted to spend up to 3.0% of the funding on administrative expenses.

Attachment A shows the allocation of annual State funding for Community Empowerment since the initiative's inception in FY 1999.

The initial funding for the Community Empowerment initiative consisted of a single General Fund appropriation, but it has become considerably more complex over the years. Beginning in FY 2001, the General Assembly began specifying in statute an amount of funding for the Office of Empowerment in the Department of Management. In FY 2002 through FY 2009, in addition to General Fund appropriations, the initiative received annual appropriations from the Healthy Iowans Tobacco Trust Fund, starting at \$1.2 million and increasing to \$2.2 million in FY 2004. Specific categorical requirements for local board expenditures began in FY 2006, with a specified allocation for preschool tuition assistance.

In 2006, the General Assembly passed House File 2769 (Community Empowerment Initiative Act). The Act created two new General Fund appropriations for the Community Empowerment initiative. The legislation increased total funding in FY 2007 through FY 2009 by \$15.0 million compared to FY 2006 and added a number of categorical allocations and spending requirements. The Act specified allocations for preschool tuition assistance, family support services, quality improvement efforts, and a new initiative to encourage partnerships with local business communities. The Act also amended Chapter 28, Code of Iowa, to specify that, in addition to annual categorical spending requirements, local boards must spend 60.0% of their funds remaining on family support services.

For FY 2010, the appropriations from the Healthy Iowans Tobacco Trust Fund were discontinued, and a significant decrease in projected State revenue made General Fund budget reductions necessary statewide. Total funding for Community Empowerment decreased by \$5.4 million compared to FY 2009. The General Assembly reorganized annual funding for Community Empowerment into the following three General Fund appropriations:

1. \$8.8 million for preschool tuition assistance.
2. \$15.2 million for family support services. This is a significant increase compared to previous years to replace the statutory requirement that 60.0% of remaining funds be spent on family support. The statutory requirement regarding expenditure of remaining funds was rescinded for FY 2010.
3. \$7.5 million to fund State-level and local-level administrative expenses and local quality improvement efforts and to provide non-designated program funding for local boards to use at their discretion to meet additional identified needs in their communities.

In addition, the Department of Management was required to transfer \$2.0 million from the First Years First Fund to be used for FY 2010 School Ready Grants. First Years First is the name given to the business community partnership effort established in HF 2769 in 2006. The annual allocations for the effort had been deposited to the First Years First Fund. By the middle of FY 2009, the effort had not achieved its goal of issuing grants to local boards to match investments from local businesses, and most of the funding from previous years remained unspent.

STATE ALLOCATION FORMULA

The formula established by the Iowa Empowerment Board (IEB) for allocating State School Ready Grant funding to local boards is as follows:

1. 45.0% of funding is allocated based on each county's percentage of the 0-5 population at 185.0% of the federal poverty level (FPL).
2. 35.0% of funding is allocated based on each county's percentage of the total 0-5 population.
3. 20.0% of funding is allocated equally among the 99 counties.

Each year, the General Assembly specifies what portion of the Community Empowerment appropriations will be subject to the formula. For FY 2010, there are four categories of funding, as follows:

1. General Aid (\$5.7 million) - subject to the formula.
2. Preschool Tuition Assistance (\$8.8 million) - subject to the formula.
3. Family Support Services (\$15.2 million) - subject to the formula.
4. Quality Improvement (\$2.5 million) - statute permits the IEB to determine how to allocate this funding. The IEB has determined that each local Empowerment board will receive \$30,000, with the remaining funds allocated under the formula.

LIMITATIONS ON ANNUAL CARRYFORWARD

Local Community Empowerment boards are permitted by statute to carryforward no more than 20.0% of their annual School Ready Grant to the next fiscal year. An ending balance in excess of 20.0% will result in a reduction in the next year's SRG equal to the amount of the overage. Amounts withheld due to excessive ending balances are reallocated among all 58 local boards.

FEDERAL FUNDING

The General Assembly appropriates federal Temporary Assistance to Needy Families (TANF) funds for community grants for child care. The funding appropriated to Community Empowerment areas supports various activities to enhance the quality and capacity of child care to help parents obtain and retain employment including:

- Regular child care and provider recruitment,
- Child care for mildly ill children,
- Second and third shift child care,
- Provider training,
- Support for registration and licensure.

Funding History for the Early Childhood Grants

FY 1999	\$ 1,610,076	FY 2005	\$ 7,259,000
FY 2000	3,737,649	FY 2006	7,250,000
FY 2001	6,283,632	FY 2007	7,250,000
FY 2002	6,283,632	FY 2008	7,250,000
FY 2003	6,283,632	FY 2009	7,250,000
FY 2004	7,261,647	FY 2010	7,250,000

Source: Iowa Community Empowerment 2008 Annual Report

FEDERAL ALLOCATION FORMULA

The TANF Early Childhood Grants are awarded to all Community Empowerment Areas via a formula based on the number of Family Investment Program (FIP) cases. The FIP is Iowa's TANF program. The Program provides cash assistance to needy families, as they become self-supporting so children may be cared for in their own homes or in the homes of relatives. The formula uses the average monthly percentage of FIP cases with children ages 0-5 in the Community Empowerment Area in the preceding State fiscal year. To determine the average monthly percentage of FIP cases, the Department of Human Services (DHS) uses data from July – February. Next, the Department multiplies each Community Empowerment Area's average monthly percentage of FIP cases by the Early Childhood appropriation. The Community Empowerment Areas administrative expenditures are limited to 5.0% of the Early Childhood Grant award.

For an example, Adair County's average monthly percent of FIP cases with children ages 0-5 from July 2008 – February 2009 is 0.1009065%. Adair County's FY 2010 Early Childhood grant is \$7,316.00, calculated by multiplying \$7,250,000 by 0.00109065%.

The Department is currently gathering input from Community Empowerment Areas for a potential formula change. Some local boards have expressed concern that the current formula is not equitable for rural areas, where resources for families are scarce and population is declining as families migrate to urban areas. The DHS has not instituted a change and does not have a timeline for doing so before soliciting formal input from local board representatives.

BUDGETING AND ANNUAL REPORTING

Each local board must submit an annual budget for approval by the Office of Empowerment before receiving State or federal funding. The IEB, based on recommendations from the Fiscal Accountability Work Group (FAWG) and the Technical Assistance Team, has strengthened the budgeting process in recent years. Local boards must now submit budgets by July 15 to avoid delay in receiving funds. The budget must show planned expenditures in each of the designated spending categories for State and federal funding, as well as administrative and non-designated expenditures.

Each board must submit an annual report by September 15 for the preceding fiscal year. It must be signed by both the board chairperson and the fiscal agent. The report must describe

the board's efforts to implement the community plan and identify results for specific performance measures. Financial statements for both State and federal funds are included.

FISCAL AGENTS AND FISCAL ACCOUNTABILITY

In November 2006, the IEB reconvened the Fiscal Accountability Work Group (FAWG), consisting of representatives from the Departments of Education, Human Services, and Administrative Services; the Legislative Services Agency's Fiscal Services Division; and several IEB members, with staff support from the TA Team. The FAWG was an advisory committee that assisted the IEB in the early years of Community Empowerment but had disbanded. The purpose of reconvening the FAWG was to review the fiscal procedures of local boards in light of increasing concerns regarding accountability. Since 2006, the FAWG has made a number of recommendations to the Office of Empowerment and the IEB regarding improvements to budgeting and reporting procedures.

In 2007, in light of the increasing size and complexity of Empowerment funding, the FAWG surveyed the Empowerment areas regarding fiscal agents. The survey results showed great inconsistencies in the services provided and fees charged by local fiscal agents. In some areas, the fiscal agent did nothing more than provide a checking account and write checks at the behest of the board. In addition, it was determined that those Empowerment areas using a county agency as their fiscal agent may have been relying on the county's annual audit to meet the statutory requirement for Empowerment funds to be audited annually. In discussion with the State Auditor's Office, it was determined that the county audit was not likely to provide an appropriate level of review of Empowerment funds.

In August 2007, as a result of ongoing concerns, the FAWG made a recommendation to the IEB to pursue the implementation of regional fiscal agents to achieve greater expertise, consistency, accountability, and economies of scale. At its September meeting, the IEB indicated an unwillingness to mandate regional fiscal agents and asked the FAWG to reconsider and make further recommendations. While subsequent FAWG recommendations to tighten accountability policy and procedures have been implemented, the quality of local fiscal agents remains a concern.

PROFESSIONAL DEVELOPMENT FUNDING

Since FY 2006, State funding has been provided to the Office of Empowerment and the Iowa Empowerment Board to provide quality professional development opportunities for child care and preschool providers, Community Empowerment coordinators, and others working in early care, health, and education.

The professional development activities are offered statewide and are provided in collaboration with Iowa State University, the University of Northern Iowa, the Department of Education, the area education agencies, the community colleges, Child Care Resource and Referral Services, and the local area boards. The funds are awarded to professional development providers in a competitive process by a steering committee comprised of public and private interests.

General Fund Appropriations to the Professional Development Fund					
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Education Appropriations Act	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 916,700
Health and Human Services Appropriations Act	0	1,200,000	1,200,000	1,200,000	1,097,084
Total	<u>\$ 1,000,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,013,784</u>

Source: Legislative Services Agency

LEAN REDESIGN EFFORTS

In June 2009, the Department of Management conducted a Lean Design Event to consider ways to redesign and improve the Community Empowerment initiative. Participants in the Lean Design Team include representatives from the Executive and Legislative Branches of State government, local coordinators, local board members, service providers, and other early childhood stakeholders. The week-long design process resulted in the following four recommendations:

1. Create a new State structure for coordination and leadership of all early childhood services in Iowa, including, but not limited to, Community Empowerment.
2. Redefine local Empowerment areas to reduce the number of areas and maximize expertise, efficiency, accountability, and quality of service at both the local and State levels.
3. Create a recognition program for local boards entitled "Levels of Excellence" to identify those emerging boards that may need additional support, those that are in a capacity-building stage of development, and those that have achieved excellence and can serve as models for other boards. Incentives for boards to pursue the highest level of recognition would include the opportunity for more flexibility in spending program funding.
4. Develop and implement a marketing plan to increase awareness of Community Empowerment among targeted audiences.

The recommendation to redefine local Empowerment areas seems to be the most controversial among Empowerment stakeholders. The desired outcome is to reduce the number of areas from the current 58 to no more than 38. Local stakeholders have been invited to provide input regarding the criteria to be used to set the new boundaries. Some have expressed interest in allowing local boards to collaborate and self-identify new areas. However, because this could lead to isolated small single-county areas that do not meet the criteria, it will be necessary for the final decision on boundaries to rest with a statewide authority such as the IEB.

The Lean Design Team and the Office of Empowerment are currently in the process of communicating with stakeholders and gathering additional feedback. Regional meetings are

planned for September as a final opportunity for feedback prior to development of legislation necessary to begin implementation of the recommendations.

Currently, the Lean Design Team's tentative timeline anticipates passage of necessary legislation during the 2010 Legislative Session, with implementation of the new State structure and development of a marketing plan to begin July 1, 2010. A pilot of the Levels of Excellence will be conducted in FY 2011, with full implementation in FY 2012 for those Empowerment areas that do not require boundary changes.

Assuming the passage of the necessary legislation, those Empowerment areas that must be redefined to meet the established criteria will be required to submit merger plans by July 1, 2011. The new boundaries will take effect July 1, 2012, along with full implementation of the Levels of Excellence evaluation process.

STAFF CONTACT: Robin Madison (Ext. 15270) Deborah Helsen (Ext. 16764)

Community Empowerment - Annual State Funding Allocations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
School Ready Grants (SRG)	\$ 5,200,000	\$ 10,400,000	\$ 15,400,000	\$ 15,617,250	\$ 14,677,962	\$ 15,369,156
Comm. Empowerment Office (DOM)	0	0	200,000	200,000	200,000	200,000
Total	\$ 5,200,000	\$ 10,400,000	\$ 15,600,000	\$ 15,817,250	\$ 14,877,962	\$ 15,569,156

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
School Ready Grants (SRG)	\$ 15,334,844	\$ 19,984,844	\$ 19,884,844	\$ 19,697,344	\$ 18,696,976	\$ 5,689,900
SRG - Low-Income Preschool Tuition	0	4,650,000	10,150,000	10,150,000	10,150,000	8,772,150
SRG - Family Support Services	0	0	5,000,000	5,000,000	4,925,000	15,214,551
Grants - Quality Improvement	0	0	3,400,000	3,400,000	3,400,000	2,477,075
First Years First Initiative	0	0	1,000,000	1,187,500	246,250	0
IPTV Ready to Learn Coordinator	0	0	100,000	100,000	98,500	0
Professional Development	0	1,000,000	1,000,000	1,000,000	985,000	916,700
Comm. Empowerment Office (DOM)	200,000	300,000	400,000	400,000	394,000	394,000
Total	\$ 15,534,844	\$ 25,934,844	\$ 40,934,844	\$ 40,934,844	\$ 38,895,726	\$ 33,464,376

NOTES:

- 1) The Governor's FY 2009 1.5% across-the-board (ATB) reduction was applied to each local Empowerment board's total allocation. Each board was allowed to determine how to apply the reduction to their administrative and categorical funds. The total funding shown here reflects the ATB reduction, but the allocations are estimated.
- 2) The FY 2010 total funding includes a transfer of \$2.0 million from the First Years First Fund to School Ready Grants.
- 3) From FY 2007 through FY 2009, local boards were required to spend 60.0% of SRG funds remaining after categorical requirements were met for family support services. This requirement was rescinded in FY 2010, and the appropriation for family support services was increased in lieu of it.
- 4) In FY 2002 and FY 2003, State funding included an annual appropriation of \$1,153,250 from the Health Iowans Tobacco Trust (HITT) Fund. The HITT Fund appropriation was increased to \$2,153,250 in FY 2004 through FY 2009. The remainder of annual State funding consisted of General Fund appropriations.