

DHS Analysis of FFY 06 Federal Budget Actions Impacting Human Service Programs

There are three Congressional bills that have a direct impact on human service programs:

1. Labor-Health and Human Services Appropriation - which includes the funding levels for discretionary human service programs.
2. Budget Reconciliation (S. 1932, the Deficit Reduction Act of 2005) - which reduces mandatory spending over 5 years and makes changes to and reauthorizes Temporary Assistance to Needy Families (TANF). Likely to receive final House approval in January or early February 2006.
3. Defense Appropriation - which includes a 1% across the board cut to all discretionary programs, except those programs that serve veterans. Examples of human service discretionary programs include child care and development block grant and community services block grant.

Child Support Recovery

1. The Deficit Reduction Act prohibits drawing federal match on earned performance incentive funds starting October 1, 2007. For high performance states, such as Iowa, the impact is significant. This change will result in a loss of \$13.5 million to the Iowa Child Support Recovery Unit (CSRU). This is over a 25% reduction in CSRU's operating budget and will negatively impact collections; Iowa families will potentially lose over \$78.3 million in child support collection per year.
2. Other reductions are:
 - Lower federal match for paternity tests from 90% to 66%, effective October, 1, 2006.
 - A new fee of \$25 for families receiving support services when the family is not on public assistance. The federal government receives 66% of the new fee, effective October, 1, 2006.
4. In addition, two new unfunded mandates are created related to medical support and the review and adjustment of public assistance cases.

TANF (Temporary Assistance for Needy Families)

1. The Deficit Reduction Act implements a change that will require states to apply TANF work participation rates to separate state programs, effective October 1, 2006. Iowa, as well as at least 40 other states, uses a separate state program for its two-parent families. Iowa will be unable to meet the 90% two-parent work participation rate without significant additional resources. We estimate it will take at least \$5 million more annually to revamp Iowa's PROMISE JOBS program in order to achieve this level of work participation.
2. The bill eliminates the TANF high performance bonus. Iowa has received a TANF bonus the past 3 years, averaging almost \$6.0 million. Eliminating the bonus will have a direct impact on TANF funded programs and will require Iowa to reduce some TANF funded services.
3. TANF and Child Support Interrelationship - The reductions to the Iowa Child Support Recovery Unit and the resulting decreases in child support collections will also include decreased collections from assigned support from Family Investment Program (FIP) families. The state's share of the assigned support is used to pay for FIP cash grants and to meet our TANF MOE.
 - This means Iowa would face a shortfall of \$3.3 million in state funds needed for FIP cash grants.

- The combined reduction of \$6.6 million (\$3.3 million in reduced state share of collections and \$3.3 million in reduced TANF grant for not meeting MOE) will impact an estimated 1,656 families per month.

SCHIP (State Children's Health Insurance Program)

The Deficit Reduction Act of 2005 included a nation-wide increase of \$283 million for providing additional allocations for States projecting SCHIP shortfalls in FFY 2006. Iowa is one of the states projecting a shortfall. Until the details of how this additional money will be allocated, we do not know whether it will be sufficient to meet the projected shortfall.

Medicaid

The projected savings of the Deficit Reduction Act of 2005 are to be achieved by changing how Medicaid pays for prescription drugs; eliminating provider taxes and intergovernmental transfers; restricting asset transfers to become Medicaid-eligible; giving states new options for cost sharing; and projected savings resulting from reducing fraud, waste, and abuse. The Act also provides for additional federal scrutiny and oversight of states by providing for 150 new federal auditors. Several administrative and programmatic changes are also made, such as requiring states to document client citizenship prior to determining eligibility and allowing families with children with disabilities to "buy-in" to Medicaid.

Title IV-E Foster Care

The Deficit Reduction Act of 2005 requires that eligibility be re-determined every 12 months and for candidacy every 6 months. Field Operations Appropriation - Iowa DHS currently re-determines eligibility every 12 months but does not re-determine candidacy every 6 months. The impact could cost an estimated \$1.1 million.

Child Care

An additional \$1 billion is authorized in mandatory budget authority for child care from FFY 2006 through 2010. It is unknown how much of these additional child care dollars would be available to Iowa or whether the additional money will be sufficient to meet Iowa's child care needs. Our preliminary assessment is that the new TANF requirements are likely to require more child care funds than are estimated to be forthcoming from the federal government.

DHS Re-Projection of IM (Income Maintenance) Caseload Growth in FY07

DHS Revised IM Caseload Projection

Total FY07 IM cases monthly average = 319,667

Average IM workers monthly = 662

Average cases per IM worker for FY07 = 483

(Initial FY07 caseload projection and Governor's budget recommendation would result in 408 cases per IM worker)

Basis for this re-projection

- IM caseload growth for the past 6 months (Jul - Dec 2005) has been 6.76% or just over 1% per month
- 1% growth per month projected for the last 6 months of FY06 and all of FY07
 - Initial FY07 projection was 284,034 cases, as of December 2005 there were 282,114 IM cases
- Medicare Part D outreach projected impact has been reduced to an estimated 7,000 Extra Help eligibles but will not begin until June, 2006 and therefore is not reflected in IM caseload growth to date.
 - 5,250 are projected to be eligible for Medicaid or Medicaid and Food Assistance
- While "Medicare Part D" cases have not materialized, DHS efforts to simplify access to services have been very successful and have resulted in continued caseload growth in Food Assistance and Medicaid.
- There are 282,114 IM cases in December, 2005. with a projected 1% caseload growth through June, 2007, the FY 07 IM average cases is estimated to be 319,667.

IM Cases Per Worker History

Fiscal Year	Average Cases	Average Workers	Average Cases Per Worker
2001	172,212	622	277
2002	207,108	598	346
2003	219,765	588	374
2004	233,309	603	387
2005	256,392	609	421
Dec. 2005 *	282,114	690	409
Projected FY07	319,667	662	483

* December 2005 are actual, not average, numbers of case, workers and cases per worker.

Note: Without the 72 IM workers funded by the Legislature and Governor to help address the impact of Medicare Part D, the FY07 average cases per IM worker would be 542.

IM Case

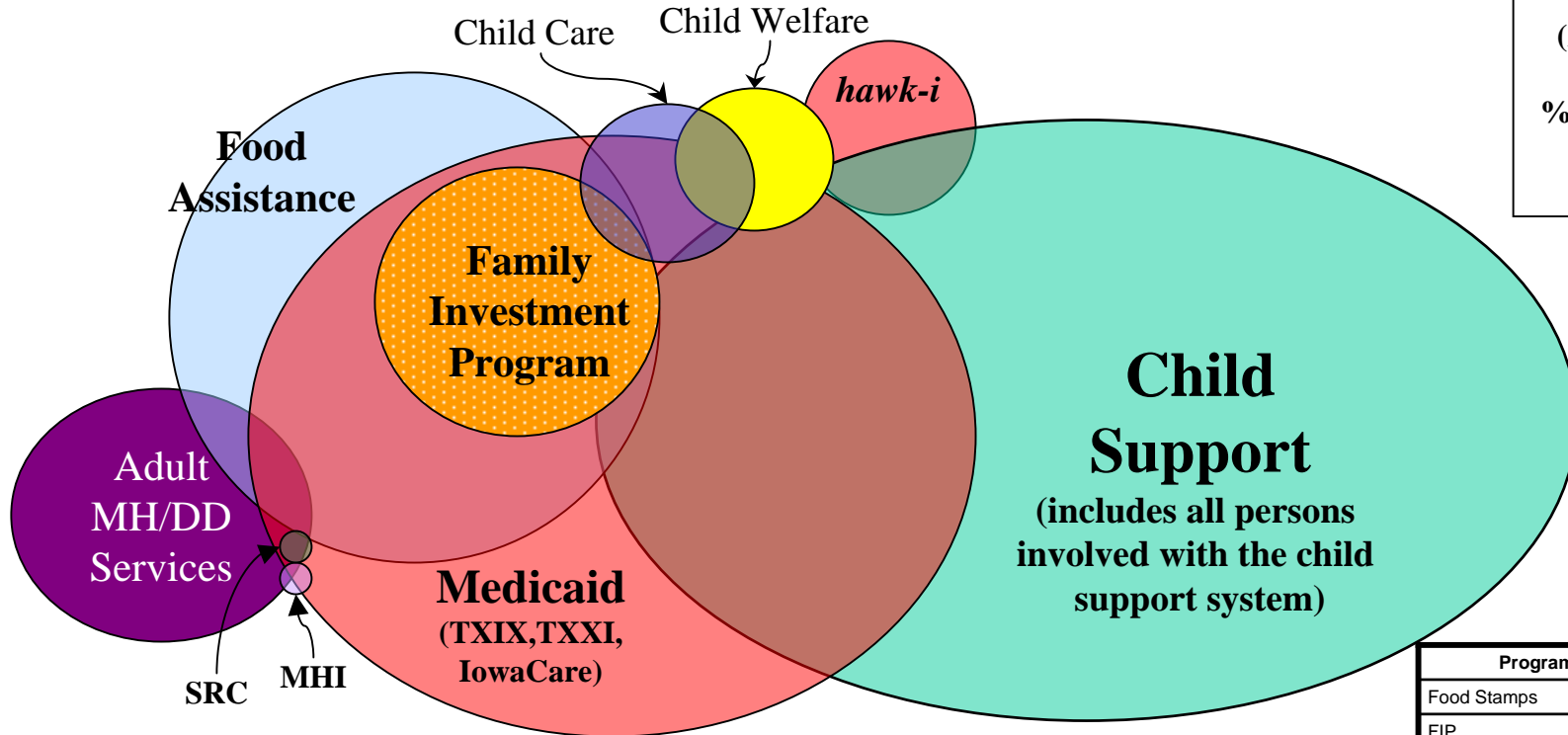
Field Operations only counts recipient's case once, regardless of how many programs an individual or household participates in. (i.e. a recipient is receiving Food Assistance and Medicaid but for DHS this is only one case; or a recipient receives FIP, Food Assistance, and Medicaid – it is still only one case)

Total DHS Clients Served

(932,835 unduplicated)

Iowa Population
2,926,354
(2000 Census)

% of Population
Served
32%



Program	Clients Served
Food Stamps	218,848
FIP	48,414
Medicaid	306,590
IowaCare	10,690
hawk-i	20,630
Adult MH/DD	45,200
Mental Health Institutes	373
State Resource Centers	617
Child Welfare	13,807
Child Care	18,592
Child Support	631,000
Total Count *	1,314,761
Unduplicated Total	932,835

Data as of October 2005

This data shows a point in time for service, thus it displays the number of Iowans that DHS serves on a daily basis.

The number of clients DHS serves over time is larger because of client turnover.

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Div Results Based Accountability

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* Some people are in more than one program