

I am unable to approve the items designated as Section 4, subsection 3, and Section 5, subsection 9 in their entirety. Section 4, subsection 3 requires the Department of Corrections to timely fill all correctional positions and Section 5, subsection 9 requires the Department of Corrections to exclude positions and money in the proposed budget for fiscal year 2001 that would otherwise be for operation of the department. This language fails to account for the difficult circumstances that necessitate flexibility for the department in managing its operations to maintain public safety.

I am unable to approve the item designated as Section 23, in its entirety. This item would create a new committee, and include the Citizens' Aide/Ombudsman in the disbursements of moneys from the fund created in Iowa Code 904.508A. Having a centralized committee to approve all expenditures may indeed provide for a better overall departmental use and reporting of the funds. However, this language may also create a future conflict of interest with regards to the statutory role of the Citizens' Aide/Ombudsman and a separation of power issue between the Executive and Legislative branches. Therefore, I have asked the Iowa Board of Corrections to examine the issue and implement a future policy direction that would ensure both the correct use and reporting of these funds.

For the above reasons, I hereby respectfully approve Senate File 468 with the exceptions noted above.

Sincerely,  
THOMAS J. VILSACK, Governor

**CHAPTER 203**

**APPROPRIATIONS — HUMAN SERVICES**

*H.F. 760*

**AN ACT** relating to appropriations for the department of human services and including other provisions and appropriations involving human services and health care, and providing effective dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

**DIVISION I — APPROPRIATIONS**

Section 1. **SOCIAL SERVICES BLOCK GRANT SUPPLEMENTATION.** There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, from moneys received under the federal temporary assistance for needy families block grant, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For supplementation of the federal social services block grant appropriation in 1998 Iowa Acts, chapter 1210, section 12, due to the federal reduction in this block grant and the corresponding decrease pursuant to 1998 Iowa Acts, chapter 1210, section 16:

..... \$ 3,239,179

The moneys appropriated in this section are allocated for the indicated programs and functions within the department as follows:

1. General administration:  
..... \$ 205,971

2. Field operations:	\$	1,231,939
3. Child and family services:	\$	184,262
4. Local administrative costs and other local services:	\$	130,650
5. Volunteers:	\$	14,279
6. Community-based services:	\$	16,421
7. MH/MR/DD/BI community services (local purchase):	\$	1,455,657

Sec. 2. EARLY CHILDHOOD FISCAL YEAR 1999-2000. The appropriation made in 1998 Iowa Acts, chapter 1218, section 2, from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, from moneys received under the federal temporary assistance for needy families block grant shall be used for funding of community-based programs targeted to children from birth through five years of age, developed by community empowerment areas as provided in this section.

1. The department may transfer federal temporary assistance for needy families block grant funding allocated in this section to the child care and development block grant in accordance with federal law as necessary to comply with the provisions of this section. The funding shall then be provided to community empowerment areas for the fiscal year beginning July 1, 1999, in accordance with all of the following:

a. The area must be approved as a community empowerment area by the Iowa empowerment board.

b. The maximum funding amount a community empowerment area is eligible to receive shall be determined by applying the area's percentage of the state's average monthly family investment program population in the preceding fiscal year to the total amount appropriated in this section for fiscal year 1999-2000. If the community empowerment board's request for funding is received by the Iowa empowerment board on or after August 1, 1999, the maximum funding amount shall be prorated for the fiscal year and rounded up to the nearest full month.

c. A community empowerment area receiving funding shall comply with any federal reporting requirements associated with the use of that funding and other results and reporting requirements established by the Iowa empowerment board. The department shall provide technical assistance in identifying and meeting the federal requirements.

d. The availability of funding provided under this section is subject to changes in federal requirements and amendments to Iowa law.

2. The moneys distributed in accordance with this section shall be used by communities for the purposes of enhancing quality child day care capacity in support of parent capability to obtain or retain employment. The moneys shall be used with a primary emphasis on low-income families and children from birth to five years of age. Moneys shall be provided in a flexible manner to communities, and shall be used to implement strategies identified by the communities to achieve such purposes. The strategies may include but are not limited to developing capacity for regular child day care, sick child care, night shifts child care, and emergency child care; enhancing linkages between the head start and early head start programs, early childhood development programs, and child day care assistance programs; and implementing other strategies to enhance access to child day care. The moneys may be used to either build capacity or for support of ongoing efforts. In addition to the full-time equivalent positions funded in this Act, 1.00 full-time equivalent position is authorized and the department may use funding appropriated in this section for provision of technical

assistance and other support to communities developing and implementing strategies with moneys distributed in accordance with this section.

3. Moneys which are subject to this section which are not distributed to a community empowerment area or otherwise remain unobligated or unexpended at the end of the fiscal year shall revert to the fund created in section 8.41 to be available for appropriation by the general assembly in a subsequent fiscal year.

Sec. 3. FAMILY INVESTMENT PROGRAM GENERAL FUND. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To be credited to the family investment program account and used for family investment program assistance under chapter 239B:

..... \$ 34,330,000

1. The department of workforce development, in consultation with the department of human services, shall continue to utilize recruitment and employment practices to include former and current family investment program recipients. The department of workforce development shall submit a report of the practices utilized and the results of the utilization to the general assembly by January 1, 2000.

2. It is the intent of the general assembly that the department of human services shall continue to work with the department of workforce development and local community collaborative efforts to provide support services for family investment program participants. The support services shall be directed to those participant families who would benefit from the support services and are likely to have success in achieving economic independence.

3. Of the funds appropriated in this section, \$9,564,352 is allocated for the JOBS program.

4. The department shall continue to work with religious organizations and other charitable institutions to increase the availability of host homes, referred to as second chance homes or other living arrangements under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 103. The purpose of the homes or arrangements is to provide a supportive and supervised living arrangement for minor parents receiving assistance under the family investment program who, under chapter 239B, may receive assistance while living in an alternative setting other than with their parent or legal guardian.

\*5. *The department, in consultation with the welfare reform advisory group established by the department, shall submit a report to the general assembly by January 1, 2000, recommending categories of families to be eligible for the hardship exemption from the lifetime limit of receipt of assistance, as authorized by 42 U.S.C. § 608(a)(7).*\*

Sec. 4. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT. There is appropriated from the fund created in section 8.41 to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, from moneys received under the federal temporary assistance for needy families block grant pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, which are federally appropriated for the federal fiscal years beginning October 1, 1997, and ending September 30, 1998, beginning October 1, 1998, and ending September 30, 1999, and beginning October 1, 1999, and ending September 30, 2000, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

Moneys appropriated in this section shall be used in accordance with the federal law making the funds available, applicable Iowa law, appropriations made from the general fund of the state in this Act for the purpose designated, and administrative rules adopted to implement the federal and Iowa law. If actual federal revenues credited to the fund created in section 8.41 through June 30, 2000, are less than the amounts appropriated in this section, the amounts appropriated shall be reduced proportionately and the department may reduce expenditures as deemed necessary by the department to meet the reduced funding level:

\* Item veto; see message at end of the Act

1. To be credited to the family investment program account and used for assistance under the family investment program under chapter 239B:	\$ 51,830,229
2. To be credited to the family investment program account and used for the job opportunities and basic skills (JOBS) program, and implementing family investment agreements, in accordance with chapter 239B:	\$ 19,980,113
3. For field operations:	\$ 12,232,764
4. For general administration:	\$ 3,121,071
5. For local administrative costs:	\$ 2,079,733
6. For state child care assistance:	\$ 16,782,891
7. For emergency assistance:	\$ 2,694,544
8. For mental health and developmental disabilities community services:	\$ 3,867,402
9. For child and family services:	\$ 23,491,419
10. For pregnancy prevention grants on the condition that family planning services are funded:	\$ 1,958,979
11. For technology needs and other resources necessary to meet federal welfare reform reporting, tracking, and case management requirements:	\$ 1,000,000
12. For supervised community treatment under child and family services:	\$ 300,000
13. For volunteers:	\$ 37,935
14. For individual development accounts under chapter 541A:	\$ 200,000

Of the amounts appropriated in this section, \$10,201,116 for the fiscal year beginning July 1, 1999, shall be transferred to the appropriation of the federal social services block grant for that fiscal year.

It is the intent of the general assembly that eligible funding available under the federal temporary assistance for needy families block grant that is not appropriated or not otherwise expended is considered reserved for economic downturns and welfare reform purposes and is subject to further state appropriation to support families in their movement toward self-sufficiency.

*\*The department shall report quarterly, any changes in allocations of temporary assistance for needy families moneys, to the legislative fiscal bureau and to the chairpersons and ranking members of the joint appropriations subcommittee on human services.\**

**Sec. 5. FAMILY INVESTMENT PROGRAM ACCOUNT.**

1. Moneys credited to the family investment program (FIP) account for the fiscal year beginning July 1, 1999, and ending June 30, 2000, shall be used in accordance with the following requirements:

- a. The department shall provide assistance in accordance with chapter 239B.
- b. The department shall continue the special needs program under the family investment program.
- c. The department shall continue to comply with federal welfare reform data requirements pursuant to the appropriations made for that purpose.

\* Item veto; see message at end of the Act

d. The department shall continue expansion of the electronic benefit transfer program as necessary to comply with federal requirements. Notwithstanding 1998 Iowa Acts, chapter 1218, section 5, subsection 1, paragraph "d", the target date for statewide implementation of the program is October 1, 2002.

\*e. *The department shall continue to conduct an evaluation of the welfare reform program and child well-being provisions to measure the program's effectiveness, impacts on children and families, and impacts across programs, and to identify effective strategies.\**

f. The department shall continue to contract for services in developing and monitoring an entrepreneurial training program to provide technical assistance to families which receive assistance under the family investment program.

g. For family investment agreements entered into on or after July 1, 1996, the maximum allowable time period for supported postsecondary education is limited to a total of twenty-four months. The twenty-four-month allowance shall only be available for a period of thirty-six consecutive months.

2. The department may use a portion of the moneys credited to the family investment account under this section, as necessary for salaries, support, maintenance, and miscellaneous purposes for not more than the following full-time equivalent positions:

.....	FTEs	11.00
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3. The department may transfer funds in accordance with section 8.39, either federal or state, to or from the child day care appropriations made for the fiscal year beginning July 1, 1999, if the department deems this would be a more effective method of paying for JOBS program child care, to maximize federal funding, or to meet federal maintenance of effort requirements.

4. Moneys appropriated in this Act and credited to the family investment program account for the fiscal year beginning July 1, 1999, and ending June 30, 2000, are allocated as follows:

a. For the food stamp employment and training program:

.....	\$	250,000
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b. For the family development and self-sufficiency grant program as provided under section 217.12:

.....	\$	5,697,829
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(1) Of the funds allocated for the family development and self-sufficiency grant program in this lettered paragraph, not more than 5 percent of the funds shall be used for the administration of the grant program.

(2) Based upon the annual evaluation report concerning each grantee funded by previously appropriated funds and through the solicitation of additional grant proposals, the family development and self-sufficiency council may use the allocated funds to renew or expand existing grants or award new grants. In utilizing the increased funding to expand the program, the council shall give consideration, in addition to other criteria established by the council, to a grant proposal's intended use of local funds with a grant and to whether a grant proposal would expand the availability of the program's services to a wider geographic area.

(3) Family development and self-sufficiency grantees shall not supplant previous local funding with state or federal funds.

(4) The department shall continue to implement the family development and self-sufficiency grant program statewide during FY 1999-2000.

c. For income maintenance reengineering:

.....	\$	700,000
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d. For the diversion program and incentive grants as follows:

(1) For the diversion subaccount of the family investment program account:

.....	\$	3,200,000
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Moneys allocated to the diversion subaccount shall be used to continue the pilot initiative of providing incentives to assist families who meet income eligibility requirements for the

\* Item veto; see message at end of the Act

family investment program in obtaining or retaining employment, to assist participant families in overcoming barriers to obtaining employment, and to assist families in stabilizing employment and in reducing the likelihood of the family returning to the family investment program. Incentives may be provided in the form of payment or services. The department may limit the availability of the pilot initiative on the basis of geographic area or numbers of individuals provided with incentives. The department shall attempt to assess and screen individuals who would most likely benefit from the services. The department shall expand the diversion initiative in the fiscal year 1999-2000. In addition to the full-time equivalent positions authorized in this Act, 1.00 FTE is authorized and the department may use up to \$50,000 to facilitate community investment in welfare reform and to support expansion of the diversion program. The department may grant diversion moneys to the level of the entity operating an initiative. The department may adopt additional eligibility criteria as necessary for compliance with federal law and for screening those families who would be most likely to become eligible for the family investment program if diversion incentives would not be provided.

(2) For continuation of innovative strategies on a statewide or pilot project basis for supporting job retention, family structure, or both, including services to noncustodial parents and young parents:

..... \$ 500,000

(3) Of the moneys allocated in subparagraph (2), not more than \$100,000 shall be used to develop or continue community-level parental obligation pilot projects. A pilot project shall be operated with the goal of assisting parents who are living apart in meeting their parental obligations and in supporting their children. Any pilot project shall maximize the use of existing community resources for family counseling, legal services, mediation, job training and job skills development, substance abuse treatment and prevention, health maintenance, and personal mentoring. Local communities shall also be encouraged to provide financial resources.

(a) Notwithstanding any other provision of law to the contrary, the department shall develop procedures for the pilot projects to expedite all of the following:

- (i) The establishment and adjustment of support obligations, with the consent of both parents, in a manner which may deviate from the child support guidelines.
- (ii) Changes in income withholding orders based on individual case circumstances.
- (iii) Satisfaction of a portion of support amounts owed to the state based on cooperation and compliance by the noncustodial parent with project requirements.
- (iv) Adjustment of visitation and shared custody arrangements in a manner which enhances the ability of each parent to meet parental obligations.

(b) The department shall adopt rules for the development, operation, and monitoring of a project; to establish the minimum required amount of community support; to establish expedited procedures; and to establish other criteria and procedures as appropriate.

(c) The department shall use the funds authorized in this subparagraph to employ one full-time equivalent position to manage the pilot project or projects. The department shall also use the authorized funds to employ other full-time equivalent positions or to provide services, as necessary, to assist in the coordination, development, and operation of community-level pilot projects and to achieve the expedited procedures established. Any full-time equivalent positions authorized in this subparagraph subdivision are in addition to any other full-time equivalent positions authorized by law.

*\*(d) The department shall submit a report regarding any community level parental obligation pilot projects developed or continued under this subparagraph. The report shall be submitted on or before December 15, 1999, to the persons designated by this Act for report submission.\**

(4) Of the moneys allocated in subparagraph (2), not more than \$200,000 shall be used to continue to study the impact that moving unemployed family investment program parents into employment has on the well-being of the children, the parent, and the family. The

\* Item veto; see message at end of the Act

department shall include in this well-being study a method of actual contact with the families and children, and shall consider broad-based impacts, such as educational achievement, health status, housing stability, family stability, and use of supportive social services. The department shall also seek funding through foundations and the federal government in order to supplement the funding for this study. The results of the study shall be submitted to the persons required by this Act to receive reports.

(5) Of the moneys allocated in subparagraph (2), not more than \$100,000 shall be used for providing additional incentive payments to contracted agencies who demonstrate success at completing well-being visits for families terminated from the family investment program under a limited benefit plan. The department shall use these funds to increase payments to agencies who complete a higher percentage of well-being visits, who achieve a significant percentage of visits in a face-to-face format, or who are able to observe and interact with the children during a significant percentage of visits.

*\*e. From moneys appropriated in this Act from the federal temporary assistance for needy families block grant and credited to the family investment program account, for a pilot project for diversion from the family investment program of persons adjudicated to receive child welfare services who become 18 years of age and may be at risk of becoming dependent upon government benefits, in accordance with this paragraph:*

..... \$ 100,000

*The pilot project shall be a cooperative effort involving a local office of the department and a local service provider that is the recipient of a grant and that provides local, private matching funds for the project. Under the pilot project, the local service provider shall provide housing and services to persons participating in the project, and the local sources of matching funds shall cover some of these expenses as well as providing employment opportunities and other assistance. The department shall provide funding for staff expenses. The persons participating in the project shall provide payment for housing and other services, based upon ability to pay. A goal of the pilot project is for participants to transition out of the pilot project within a year.\**

5. Of the child support collections assigned under the family investment program, an amount equal to the federal share of support collections shall be credited to the child support recovery appropriation. The remainder of the assigned child support collections received by the child support recovery unit shall be credited to the family investment program account.

6. The department may adopt emergency administrative rules for the family investment, food stamp, and medical assistance programs, if necessary, to comply with federal requirements. Prior to adoption of the rules, the department shall consult with the welfare reform council and the chairpersons and ranking members of the joint appropriations subcommittee on human services.

7. The department may continue to streamline and simplify the employer verification process for applicants, participants, and employers in the administration of the department's programs. The department may contract with companies collecting data from employers when the information is needed in the administration of these programs. The department may limit the availability of the initiative on the basis of geographic area or number of individuals.

8. Notwithstanding 1998 Iowa Acts, chapter 1218, section 5, subsection 7, moneys appropriated to the department of human services in 1995 Iowa Acts, chapter 220, section 11, for purposes of costs associated with the development of the X-PERT computer system shall not revert at the close of the fiscal year beginning July 1, 1998, but shall remain available until the close of the fiscal year beginning July 1, 1999, to be used as provided in this subsection. Notwithstanding section 8.57, subsection 5, paragraph "c", of these moneys, \$350,000 shall be used for the purpose of reviewing and decreasing the error rate of the food stamp program in order to meet federal requirements for food stamp payment accuracy, \$7,445 shall be used for welfare reform system improvements, \$212,846 shall be used for a technology initiative to provide a buy-in option under the medical assistance program for persons with disabilities

\* Item veto; see message at end of the Act

if Senate File 211 is enacted by the Seventy-eighth General Assembly, 1999 Session,\* and \$129,709 shall be used for county billing system improvements. The department shall submit a report of the food stamp program error rate review and findings of the review to the general assembly on or before December 15, 1999.

Sec. 6. EMERGENCY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For emergency assistance to families with dependent children for homeless prevention programs:

..... \$ 10,000

1. The emergency assistance provided for in this section and federal moneys appropriated for this purpose in this Act shall be available beginning October 1 of the fiscal year and shall be provided only if all other publicly funded resources have been exhausted. Specifically, emergency assistance is the program of last resort and shall not supplant assistance provided by the low-income home energy assistance program (LIHEAP), county general relief, and veterans affairs programs. The department shall establish a \$500 maximum payment, per family, in a twelve-month period. The emergency assistance includes, but is not limited to, assisting people who face eviction, potential eviction, or foreclosure, utility shutoff or fuel shortage, loss of heating energy supply or equipment, homelessness, utility or rental deposits, or other specified crisis which threatens family or living arrangements. The emergency assistance shall be available to migrant families who would otherwise meet eligibility criteria. The department may contract for the administration and delivery of the program. The program shall be terminated when funds are exhausted.

2. For the fiscal year beginning July 1, 1999, the department shall continue the process for the state to receive refunds of utility and rent deposits, including any accrued interest, for emergency assistance recipients which were paid by persons other than the state. The department shall also receive refunds, including any accrued interest, of assistance paid with funding available under this program. The refunds received by the department under this subsection shall be deposited with the moneys of the appropriation made in this section and used as additional funds for the emergency assistance program. Notwithstanding section 8.33, moneys received by the department under this subsection which remain after the emergency assistance program is terminated and state or federal moneys in the emergency assistance account which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for expenditure when the program resumes operation on October 1 in the succeeding fiscal year. Notwithstanding 1998 Iowa Acts, chapter 1218, section 6, subsection 2, the requirements of this subsection shall apply retroactively to all such refunds received by the department in the state fiscal year beginning July 1, 1998.

3. Of the funds appropriated in this section, \$10,000 is allocated to the community voice mail program to continue the existing program. The funds shall be made available beginning July 1, 1999. The community voice mail program shall submit semiannual reports to the department which, at a minimum, specify, on a county basis, the unduplicated number of households participating in the program for the previous six-month period. The first six-month period for which a report shall be submitted begins July 1, 1999, and the report shall be submitted no later than the last business day of the month immediately following the end of the six-month period.

Sec. 7. MEDICAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

\* See chapter 94 herein



For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

..... \$ 415,455,590

1. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within 45 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within 150 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled.

2. Notwithstanding section 8.39, the department may transfer funds appropriated in this section to a separate account established in the department's case management unit for expenditures required to provide case management services for mental health, mental retardation, and developmental disabilities services under medical assistance which are jointly funded by the state and county, pending final settlement of the expenditures. Funds received by the case management unit in settlement of the expenditures shall be used to replace the transferred funds and are available for the purposes for which the funds were appropriated in this section.

3. a. The county of legal settlement shall be billed for 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization in accordance with sections 249A.26 and 249A.27, and 100 percent of the nonfederal share of the cost of care for adults which is reimbursed under a federally approved home and community-based waiver that would otherwise be approved for provision in an intermediate care facility for persons with mental retardation, provided under the medical assistance program. The state shall have responsibility for the remaining 50 percent of the nonfederal share of the cost of case management provided for adults, day treatment, and partial hospitalization. For persons without a county of legal settlement, the state shall have responsibility for 100 percent of the nonfederal share of the costs of case management provided for adults, day treatment, partial hospitalization, and the home and community-based waiver services. The case management services specified in this subsection shall be billed to a county only if the services are provided outside of a managed care contract.

b. The state shall pay the entire nonfederal share of the costs for case management services provided to persons 17 years of age and younger who are served in a medical assistance home and community-based waiver program for persons with mental retardation.

c. Medical assistance funding for case management services for eligible persons 17 years of age and younger shall also be provided to persons residing in counties with child welfare decategorization projects implemented in accordance with section 232.188, provided these projects have included these persons in their service plan and the decategorization project county is willing to provide the nonfederal share of costs.

d. When paying the necessary and legal expenses of intermediate care facilities for persons with mental retardation (ICFMR), the cost payment requirements of section 222.60 shall be considered fulfilled when payment is made in accordance with the medical assistance payment rates established for ICFMRs by the department and the state or a county of legal settlement is not obligated for any amount in excess of the rates.

4. The department shall utilize not more than \$60,000 of the funds appropriated in this section to continue the AIDS/HIV health insurance premium payment program as established in 1992 Iowa Acts, Second Extraordinary Session, Chapter 1001, section 409, subsection 6. Of the funds allocated in this subsection, not more than \$5,000 may be expended for administrative purposes.

5. Of the funds appropriated to the Iowa department of public health for substance abuse grants, \$950,000 for the fiscal year beginning July 1, 1999, shall be transferred to the department of human services for an integrated substance abuse managed care system.

6. The department shall aggressively implement the medical assistance home and community-based waiver for persons with physical disabilities as a means to further develop the personal assistance services program under section 225C.46. The waiver shall be limited in application to persons with physical disabilities who reside in a medical institution at the time of applying for assistance. The range for the number of persons to be served under this waiver at any one time is at least 35 and not more than 100 persons. Of the number of persons served, a maximum of 10 persons with physical disabilities who are at imminent risk of placement in a medical institution shall be approved for waiver services.

7. The department of human services, in consultation with the Iowa department of public health and the department of education, shall continue the program to utilize the early and periodic screening, diagnosis, and treatment (EPSDT) funding under medical assistance, to the extent possible, to implement the screening component of the EPSDT program through the school system. The department may enter into contracts to utilize maternal and child health centers, the public health nursing program, or school nurses in implementing this provision.

8. The department shall continue the case study for outcome-based performance standards for programs serving persons with mental retardation or other developmental disabilities proposed pursuant to 1994 Iowa Acts, chapter 1170, section 56.

9. The department shall continue a medical assistance home and community-based services waiver to allow children with mental retardation, who would otherwise require ICF/MR care, to be served in out-of-home settings of up to eight beds which meet standards established by the department. If the waiver is not approved, up to \$1,487,314 of the funds appropriated in this section may be transferred to the appropriation in this Act for child and family services, to be used for group foster care maintenance and services.

10. Notwithstanding section 8.33, moneys appropriated in 1998 Iowa Acts, chapter 1218, section 29, for the purpose of developing a county billing system, that remain unencumbered or unobligated at the close of the fiscal year beginning July 1, 1998, shall not revert, but shall remain available for the purpose designated until the close of the succeeding fiscal year.

11. If funding is available through nonstate and nonfederal sources to provide matching funds for federal funds, the department may add not more than five full-time equivalent positions, in addition to those authorized in this Act, for out-stationing of eligibility determination staff. If such funding is provided by a provider of medical assistance services, the full-time equivalent position shall be out-stationed at that provider's location.

*\*12. The department shall convene representatives of interest groups to identify ways to improve home and community-based waiver services offered through the medical assistance program and to assess the feasibility of implementing such identified improvements. The assessment shall include an estimate of the costs associated with any recommendations for improvement and a time frame for implementation of the recommendations. Interest group representatives shall include but are not limited to representatives of consumers of services, family members of consumers, advocacy groups for persons with disabilities eligible for such services, counties, and providers of services. The department shall submit a report of the findings and recommendations of the group to the general assembly on or before December 15, 1999.\**

13. The nonfederal share of moneys refunded to the department from the managed mental health and substance abuse care plan shall be credited to this medical assistance

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\* Item veto; see message at end of the Act

appropriation. Up to \$350,000 of the refunded moneys may be transferred to be used as matching funds for a children’s mental health grant managed by the division of mental health and developmental disabilities.

14. The department shall work with county representatives in aggressively taking the steps necessary to implement the rehabilitation option for services to persons with chronic mental illness under the medical assistance program through use of county funding as a match for the federal funding.

15. Of the funds appropriated in this section, the department may use up to \$207,000 to implement a disease-specific pharmaceutical case management study, beginning January 1, 2000, to measure the effects of case management for medical assistance recipients identified by the department as being at high risk for medication-related problems. The funds shall be used to equally reimburse physician-pharmacist teams for participation in the study. An advisory committee whose membership consists of representatives of the Iowa medical society, the Iowa pharmacy association, and the department of human services shall establish and implement the pharmaceutical case management study. The university of Iowa colleges of medicine and pharmacy shall perform an evaluation of the study at no cost to the state and shall submit a final report of the findings of the evaluation and any recommendations to the general assembly by December 15, 2002. The department shall submit a progress report relating to the program by December 15, 2001, and a final report by December 15, 2002, to the general assembly. The department may adopt emergency rules to implement the provisions of this subsection.

16. Notwithstanding any provision to the contrary and if allowed under federal law and regulation, for the fiscal year beginning July 1, 1999, \$65,000 of the penalties collected as authorized by section 249A.19 shall not be deposited in the general fund of the state but are appropriated and shall be used by the department to continue to fund the recruitment and retention strategies to provide additional training and support for certified nurse aides, employed by nursing facilities, as a means of reducing staff turnover.

17. The department shall evaluate the feasibility and fiscal impact of implementing twelve-month continuous eligibility for children eligible for medical assistance pursuant to chapter 249A. If in accordance with federal law, the department may implement the twelve-month continuous eligibility policy on a less than a statewide basis. *\*The department shall submit a report of its evaluation of the fiscal impact of the proposed policy and recommendations to the general assembly by October 1, 1999.\**

18. The department shall develop a process for enrollment that eliminates the face-to-face interview for children eligible for medical assistance only. The department may adopt emergency rules to implement this subsection.

19. The department may adopt emergency rules to implement section 249A.3, subsection 5A, as enacted by this Act.

Sec. 8. HEALTH INSURANCE PREMIUM PAYMENT PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For administration of the health insurance premium payment program, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:	\$	397,000
.....	FTEs	17.00

Sec. 9. CHILDREN’S HEALTH INSURANCE PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

\* Item veto; see message at end of the Act

For maintenance of the healthy and well kids in Iowa program pursuant to chapter 514I for receipt of federal financial participation under Title XXI of the federal Social Security Act, which creates the state children's health insurance program:

..... \$ 10,250,000

1. The department may transfer funds appropriated in this Act for medical assistance to be used for the purpose of expanding health care coverage to children under the medical assistance program. The department shall provide periodic updates to the general assembly of expenditures of funds appropriated in this section.

2. Notwithstanding section 8.33, moneys appropriated in this section and in 1998 Iowa Acts, chapter 1218, section 9, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall be credited to the HAWK-I trust fund and are appropriated and shall be used for the children's health insurance program.

\*3. *The HAWK-I board shall conduct a study of the costs of providing family coverage under the state children's health insurance program and shall submit a report of the findings of the study and any recommendations by December 15, 1999, to the persons designated under this Act to receive reports.\**

Sec. 10. MEDICAL CONTRACTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For medical contracts:

..... \$ 7,659,250

1. The department shall expand the drug prior authorization requirement to reduce costs to the medical assistance program for prescription drugs. The department shall adopt emergency rules to implement this subsection.

2. The department shall ensure that the drug utilization review commission conducts its meetings in accordance with chapter 21 and that the commission incorporates term limits for physician and pharmacist members in its membership policy.

3. In any managed care contract for mental health or substance abuse services entered into by the department on or after July 1, 1999, the request for proposals shall provide for coverage of dual diagnosis mental health and substance abuse treatment. To the extent possible, the department shall also amend any such contract existing on July 1, 1999, to provide for such coverage.

4. Notwithstanding section 8.33, \$10,750 of the moneys appropriated to the department of human services in 1998 Iowa Acts, chapter 1218, section 10, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in this section until the close of the succeeding fiscal year.

Sec. 11. STATE SUPPLEMENTARY ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For state supplementary assistance, funeral assistance, and the medical assistance home and community-based services waiver rent subsidy program:

..... \$ 20,500,000

1. The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security income and federal social security benefits are increased due to a recognized increase in the cost of living. The department may adopt emergency rules to implement this subsection.

2. a. If during the fiscal year beginning July 1, 1999, the department projects that state supplementary assistance expenditures for a calendar year will not meet the federal

\* Item veto; see message at end of the Act

pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as codified in 42 U.S.C. § 1382g, the department may take actions including but not limited to increasing the personal needs allowance for residential care facility residents and making programmatic adjustments or upward adjustments of the residential care facility or in-home health-related care reimbursement rates prescribed in this Act to ensure that federal requirements are met. The department may adopt emergency rules to implement the provisions of this subsection.

b. If during the fiscal year beginning July 1, 1999, the department projects that state supplementary assistance expenditures will exceed the amount appropriated, the department may transfer funds appropriated in this Act for medical assistance for the purposes of the state supplementary assistance program. However, funds shall only be transferred from the medical assistance appropriation if the funds transferred are projected to be in excess of the funds necessary for the medical assistance program.

3. The department may use up to \$75,000 of the funds appropriated in this section for a rent subsidy program for adult persons to whom all of the following apply:

a. Are receiving assistance under a medical assistance home and community-based services (HCBS) waiver.

b. Were discharged from a medical institution in which they have resided or were at risk of institutional placement, not to exceed 100 slots. Within available funding and demonstrated need, the department may make subsidy funds available to HCBS waiver-eligible adults meeting criteria in paragraph "a" and this paragraph at any time on or after July 1, 1995.

The goal of the subsidy program shall be to encourage and assist in enabling persons who currently reside in a medical institution to move to a community living arrangement. An eligible person may receive assistance in meeting their rental expense and, in the initial two months of eligibility, in purchasing necessary household furnishings and supplies. The program shall be implemented so that it does not meet the federal definition of state supplementary assistance and will not impact the federal pass-along requirement specified in Title XVI of the federal Social Security Act, section 1618, as codified in 42 U.S.C. § 1382g.

Sec. 12. CHILD DAY CARE ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child care programs:

..... \$ 5,050,750

1. Of the funds appropriated in this section, \$4,407,073 shall be used for state child care assistance.

2. For the purposes of this subsection, the term "poverty level" means the poverty level defined by the poverty income guidelines published by the United States department of health and human services. Based upon the availability of the funding provided in section 4, subsection 2, and other funding appropriated for state child care assistance, the department shall establish waiting lists for state child care assistance in descending order of prioritization as follows:

a. Families with an income at or below 100 percent of the federal poverty level whose members are employed at least 28 hours per week, and parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating in an educational program leading to a high school diploma or equivalent.

b. Parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 and are participating, at a satisfactory level, in an approved training program or in an educational program.

c. Families with an income of more than 100 percent but not more than 140 percent of the federal poverty level whose members are employed at least 28 hours per week.

d. Families with an income at or below 175 percent of the federal poverty level whose members are employed at least 28 hours per week with a special needs child as a member of the family.

3. Nothing in this section shall be construed or is intended as, or shall imply, a grant of entitlement for services to persons who are eligible for assistance due to an income level consistent with the requirements of this section. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated in this section.

4. Of the funds appropriated in this section, \$636,641 is allocated for the statewide program for child day care resource and referral services under section 237A.26.

5. The department may use any of the funds appropriated in this section as a match to obtain federal funds for use in expanding child day care assistance and related programs. For the purpose of expenditures of state and federal child day care funding, funds shall be considered obligated at the time expenditures are projected or are allocated to the department's regions. Projections shall be based on current and projected caseload growth, current and projected provider rates, staffing requirements for eligibility determination and management of program requirements including data systems management, staffing requirements for administration of the program, contractual and grant obligations and any transfers to other state agencies, and obligations for decategorization or innovation projects.

6. During the 1999-2000 fiscal year, the department shall utilize the moneys deposited in the child day care credit fund created in section 237A.28 for state child care assistance, in addition to the moneys allocated for that purpose in this section.

Sec. 13. CHILD SUPPORT RECOVERY. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For child support recovery, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	6,750,000
.....	FTEs	243.22

1. The director of human services, within the limitations of the moneys appropriated in this section, or moneys transferred from the family investment program account for this purpose, shall establish new positions and add employees to the child support recovery unit if the director determines that both the current and additional employees together can reasonably be expected to maintain or increase net state revenue at or beyond the budgeted level. *\*If the director adds employees, the department shall demonstrate the cost-effectiveness of the current and additional employees by reporting to the joint appropriations subcommittee on human services the ratio of the total amount of administrative costs for child support recoveries to the total amount of the child support recovered.\**

2. Nonpublic assistance application fees and other user fees received by the child support recovery unit are appropriated and shall be used for the purposes of the child support recovery program. The director of human services may add positions within the limitations of the amount appropriated for salaries and support for the positions. *\*The director shall report any positions added pursuant to this subsection to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.\**

3. The director of human services, in consultation with the department of management and the legislative fiscal committee, is authorized to receive and deposit state child support incentive earnings in the manner specified under applicable federal requirements.

4. The director of human services may establish new positions and add state employees to the child support recovery unit or contract for delivery of services if the director determines the employees are necessary to replace county-funded positions eliminated due to termination, reduction, or nonrenewal of a chapter 28E contract. However, the director must also determine that the resulting increase in the state share of child support recovery incentives

\* Item veto; see message at end of the Act

exceeds the cost of the positions or contract, the positions or contract are necessary to ensure continued federal funding of the program, or the new positions or contract can reasonably be expected to recover at least twice the amount of money necessary to pay the salaries and support for the new positions or the contract will generate at least 200 percent of the cost of the contract.

5. If initiated by the judicial branch, the child support recovery unit shall continue to work with the judicial branch to determine the feasibility of implementing a pilot project utilizing a court-appointed referee for judicial determinations on child support matters. The extent and location of any pilot project shall be jointly developed by the judicial branch and the child support recovery unit.

6. The department shall expend up to \$50,000, including federal financial participation, for the fiscal year beginning July 1, 1999, for a child support public awareness campaign. The department and the office of the attorney general shall cooperate in continuation of the campaign. The public awareness campaign shall emphasize, through a variety of media activities, the importance of maximum involvement of both parents in the lives of their children as well as the importance of payment of child support obligations.

7. The department shall continue the option to provide and supervise a community service pilot project for absent parents who are ordered by the court to perform community service for failure to pay child support pursuant to section 598.23A.

8. Surcharges paid by obligors and received by the unit as a result of the referral of support delinquency by the child support recovery unit to any private collection agency are appropriated to the department and shall be used to pay the costs of any contracts with the collection agencies.

Sec. 14. JUVENILE INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the operation of the state training school and the Iowa juvenile home, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

For the state juvenile institutions:	\$	15,748,000
.....	FTEs	356.45

1. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the Iowa juvenile home at Toledo:

.....	\$	6,220,000
.....	FTEs	136.54

It is the intent of the general assembly that beginning in the fiscal year commencing on July 1, 2000, the Iowa juvenile home at Toledo will serve only females. In preparation for this change, the department shall develop service options to appropriately place males for whom placement at the Iowa juvenile home would otherwise be appropriate. The principal option considered in placing males shall be placement at existing state facilities. Of the funding appropriated in this section, not more than \$50,000 shall be used for expert assistance to prepare for this change and to improve the educational curriculum and other services to females placed at the Iowa juvenile home.

2. The following amounts of the funds appropriated and full-time equivalent positions authorized in this section are allocated for the state training school at Eldora:

.....	\$	9,528,000
.....	FTEs	219.91

Of the funding allocated in this subsection, \$40,000 is designated for aftercare services for persons who were placed at the state training school at Eldora.

3. During the fiscal year beginning July 1, 1999, the population levels at the state juvenile institutions shall not exceed the population guidelines established under 1990 Iowa Acts, chapter 1239, section 21, as adjusted for additional beds developed at the institutions.

4. A portion of the moneys appropriated in this section shall be used by the state training school and by the Iowa juvenile home for grants for adolescent pregnancy prevention activities at the institutions in the fiscal year beginning July 1, 1999.

5. Within the amount appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

6. Notwithstanding section 8.33, \$378,114 of the moneys appropriated to the department of human services in 1998 Iowa Acts, chapter 1218, section 14, for a new cottage at the state training school at Eldora shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 15. CHILD AND FAMILY SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For child and family services:

..... \$ 107,450,000

1. The department may transfer funds appropriated in this section as necessary to pay the nonfederal costs of services reimbursed under medical assistance or the family investment program which are provided to children who would otherwise receive services paid under the appropriation in this section. The department may transfer funds appropriated in this section to the appropriations in this Act for general administration and for field operations for resources necessary to implement and operate the services funded in this section. *\*Transfers made under this subsection remain subject to the notice provision of section 8.39, subsections 3 and 4.\**

2. a. Of the funds appropriated in this section, up to \$28,510,211 is allocated as the state-wide expenditure target under section 232.143 for group foster care maintenance and services.

b. (1) If at any time after September 30, 1999, annualization of a region's current expenditures indicates a region is at risk of exceeding its group foster care expenditure target under section 232.143 by more than five percent, the department and juvenile court services shall examine all group foster care placements in that region in order to identify those which might be appropriate for termination. In addition, any aftercare services believed to be needed for the children whose placements may be terminated shall be identified. The department and juvenile court services shall initiate action to set dispositional review hearings for the placements identified. In such a dispositional review hearing, the juvenile court shall determine whether needed aftercare services are available and whether termination of the placement is in the best interest of the child and the community.

*\*(2) The department shall provide quarterly reports to the judicial branch, juvenile court services, the legislative fiscal bureau, and decategorization boards on the number of children placed in group foster care and the amount of expenditure for group foster care by county.\**

c. (1) Of the funds appropriated in this section, not more than \$6,492,887 is allocated as the state match funding for psychiatric medical institutions for children.

(2) The department may transfer all or a portion of the amount allocated in this lettered paragraph for psychiatric medical institutions for children (PMICs) to the appropriation in this Act for medical assistance and shall not amend the managed mental health care contract to include PMICs.

d. Of the funds allocated in this subsection, \$1,360,045 is allocated as the state match funding for 50 highly structured juvenile program beds. If the number of beds provided for in this lettered paragraph is not utilized, the remaining funds allocated may be used for group foster care.

e. For the fiscal year beginning July 1, 1999, the requirements of section 232.143 applicable to the juvenile court and to representatives of the juvenile court shall be applicable instead to juvenile court services and to representatives of juvenile court services. The

\* Item veto; see message at end of the Act



representatives appointed by the department of human services and by juvenile court services to establish the plan to contain expenditures for children placed in group foster care ordered by the court within the budget target allocated to the region shall establish the plan in a manner so as to ensure the moneys allocated to the region under section 232.141 shall last the entire fiscal year. Funds for a child placed in group foster care shall be considered encumbered for the duration of the child's projected or actual length of stay, whichever is applicable.

f. The funding allocation in this subsection provides additional funding, compared to the prior fiscal year, in an amount equal to the cost of 41 group foster care beds. It is the intent of the general assembly that the additional funding allow for the availability of at least 20 additional beds to be available for placement of females.

3. The department shall continue the goal that not more than 15 percent of the children placed in foster care funded under the federal Social Security Act, Title IV-E, may be placed in foster care for a period of more than 24 months.

4. In accordance with the provisions of section 232.188, the department shall continue the program to decategorize child welfare services in additional counties or clusters of counties.

5. A portion of the funding appropriated in this section may be used for emergency family assistance to provide other resources required for a family participating in a family preservation or reunification project to stay together or to be reunified.

6. Notwithstanding section 234.35, subsection 1, for the fiscal year beginning July 1, 1999, state funding for shelter care paid pursuant to section 234.35, subsection 1, paragraph "h", shall be limited to \$7,160,257.

7. Of the funding appropriated in this section, not more than \$517,546 may be used to develop and maintain the state's implementation of the national adoption and foster care information system pursuant to the requirements of Pub. L. No. 99-509. The department may transfer funds as necessary from the appropriations in this Act for field operations and general administration to implement this subsection. Moneys allocated in accordance with this subsection shall be considered encumbered for the purposes of section 8.33.

8. Of the funding appropriated in this section, up to \$689,791 may be used as determined by the department for any of the following purposes:

- a. For general administration of the department to improve staff training efforts.
- b. For oversight of termination of parental rights and permanency planning efforts on a statewide basis.
- c. For personnel, assigned by the attorney general, to provide additional services relating to termination of parental rights and child in need of assistance cases.
- d. For specialized permanency planning field operations staff.

9. Of the funds appropriated in this section, not more than \$830,784 shall be expended to implement a subsidized guardianship program to provide financial assistance to guardians of children who have a permanency order under section 232.104, subsection 2, paragraph "d", subparagraph (1), and for whom all of the following apply:

- a. The option of reunification has been eliminated and termination of parental rights is not appropriate.
- b. The child has lived in foster care for at least 12 months.
- c. The child is either 14 years of age or older, or if the child is under 14 years of age, is part of a sibling group which precludes availability for adoption.
- d. The placement does not require departmental supervision.

The financial assistance provided under this subsection shall be in an amount equal to that provided for family foster care. For the purposes of medical assistance and child support recovery, the payments are considered foster care payments.

10. The department may adopt administrative rules following consultation with child welfare services providers to implement outcome-based child welfare services pilot projects. The rules may include, but are not limited to, the development of program descriptions,

provider licensing and certification standards, reimbursement and payment amounts, contract requirements, assessment and service necessity requirements, eligibility criteria, claims submission procedures, and accountability standards.

11. The department shall continue to make adoption presubsidy and adoption subsidy payments to adoptive parents at the beginning of the month for the current month.

12. Federal funds received by the state during the fiscal year beginning July 1, 1999, as the result of the expenditure of state funds appropriated during a previous state fiscal year for a service or activity funded under this section, shall be used as additional funding for services provided under this section. Moneys received by the department in accordance with the provisions of this subsection shall remain available for the purposes designated until June 30, 2001, notwithstanding section 8.33.

*\*13. In addition to the report for group foster care placements, the department shall continue to report quarterly to the legislative fiscal bureau concerning the status of each region's funding expenditures compared with allocations in the regional plan for services provided under this section.\**

14. The department and juvenile court services shall continue to develop criteria for the department regional administrator and chief juvenile court officer to grant exceptions to extend eligibility, within the funds allocated, for intensive tracking and supervision and for supervised community treatment to delinquent youth beyond age 18 who are subject to release from the state training school, a highly structured juvenile program, or group care. *\*The department shall report the number of such exceptions granted and the related expenditures to the joint appropriations subcommittee on human services on or before January 1, 2000.\**

15. Of the moneys appropriated in this section, not more than \$565,859 is allocated to provide clinical assessment services as necessary to continue funding of children's rehabilitation services under medical assistance in accordance with federal law and requirements. The funding allocated is the amount projected to be necessary for providing the clinical assessment services.

16. Of the funding appropriated in this section, \$3,696,286 shall be used for protective child day care assistance.

17. Of the moneys appropriated in this section, up to \$3,290,000 is allocated for the payment of the expenses of court-ordered services provided to juveniles which are a charge upon the state pursuant to section 232.141, subsection 4.

a. Notwithstanding section 232.141 or any other provision of law, the amount allocated in this subsection shall be distributed to the judicial districts as determined by the state court administrator. The state court administrator shall make the determination of the distribution amounts on or before June 15, 1999.

b. (1) Each judicial district shall continue the planning group for the court-ordered services for juveniles provided in that district which was established pursuant to 1991 Iowa Acts, chapter 267, section 119. A planning group shall continue to perform its duties as specified in that law. Reimbursement rates for providers of court-ordered evaluation and treatment services paid under section 232.141, subsection 4, shall be negotiated with providers by each judicial district's planning group.

*\*(2) Each district planning group shall submit an annual report in January to the state court administrator and the department of human services. The report shall cover the preceding fiscal year and shall include a preliminary report on the current fiscal year. The administrator and the department shall compile these reports and submit the reports to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the legislative fiscal bureau.\**

c. The department of human services shall develop policies and procedures to ensure that the funds allocated in this subsection are spent only after all other reasonable actions have been taken to utilize other funding sources and community-based services. The policies and procedures shall be designed to achieve the following objectives relating to services provided under chapter 232:

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\* Item veto; see message at end of the Act

(1) Maximize the utilization of funds which may be available from the medical assistance program including usage of the early and periodic screening, diagnosis, and treatment (EPSDT) program.

(2) Recover payments from any third-party insurance carrier which is liable for coverage of the services, including health insurance coverage.

(3) Pursue development of agreements with regularly utilized out-of-state service providers which are intended to reduce per diem costs paid to those providers.

*\*d. The department of human services, in consultation with the state court administrator and the judicial district planning groups, shall compile a report detailing the expenditure categories for the spending in the judicial districts for court-ordered services for juveniles in fiscal year 1998-1999. The report shall include utilization of medical assistance funding. The report shall be submitted on or before October 15, 1999, to the persons designated by this Act to receive reports.\**

e. Notwithstanding chapter 232 or any other provision of law, a district or juvenile court in a department of human services district shall not order any service which is a charge upon the state pursuant to section 232.141 if there are insufficient court-ordered services funds available in the district distribution amount to pay for the service. The chief juvenile court officer shall work with the judicial district planning group to encourage use of the funds allocated in this subsection such that there are sufficient funds to pay for all court-related services during the entire year. The eight chief juvenile court officers shall attempt to anticipate potential surpluses and shortfalls in the distribution amounts and shall cooperatively request the state court administrator to transfer funds between the districts' distribution amounts as prudent.

f. Notwithstanding any provision of law to the contrary, a district or juvenile court shall not order a county to pay for any service provided to a juvenile pursuant to an order entered under chapter 232 which is a charge upon the state under section 232.141, subsection 4.

g. Of the funding allocated in this subsection, not more than \$100,000 may be used by the judicial branch for administration of the requirements under this subsection and for travel associated with court-ordered placements which are a charge upon the state pursuant to section 232.141, subsection 4.

*\*18. The department shall evaluate the recidivism rates of the public and private treatment programs for juveniles, and shall submit an annual report of the evaluation, by December 15, 1999, to the persons designated in this Act for receipt of reports.\**

19. Of the funding appropriated in this section, \$3,458,000 is allocated to provide school-based supervision of children adjudicated under chapter 232, including not more than \$580,000 from the allocation in this section for court-ordered services. Not more than \$15,000 of the funding allocated in this subsection may be used for the purpose of training.

To the extent possible, the personnel providing school-based services shall be prepared with training or experience relating to gender-specific programming to best intervene with youth at risk of being found delinquent or determined to be a child in need of assistance.

20. a. As determined by the department of management, a necessary amount of the balance of moneys received by the department for the fiscal year beginning July 1, 1999, from the federal government, for the supplemental disproportionate share and supplemental indirect medical education adjustment applicable to state-owned acute care hospitals with more than 500 beds, that were transferred by such a hospital and deposited with the appropriation in this Act for medical assistance which are in excess of the state share for medical assistance, shall not be credited to the general fund of the state but instead shall be credited to the appropriation made in this section for use only as provided in this subsection.

b. The moneys credited to this appropriation shall be used if there is any reduction in the federal financial participation amount for rehabilitation treatment services from the amount projected by the department in creating its budget.

c. Upon the approval of the director of the department of management, up to an additional \$550,000 of the transferred moneys may be credited to the appropriation in this section to

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\* Item veto; see message at end of the Act

implement the recommendations of the legislative council's child welfare services work group that are approved by the director of human services. If approved by the director, the recommendations to be implemented shall include but are not limited to securing additional federal financial participation under Title IV-E of the federal Social Security Act, and developing an outcome-based data management system. The department shall seek to obtain additional federal financial participation under Titles XIX and IV-E of the federal Social Security Act for activities eligible to draw federal funding and shall coordinate with the work group in implementing this and other recommendations of the work group.

d. Of the moneys appropriated in this section, up to \$50,000 may be used to support the child welfare services work group.

21. Of the funds appropriated in this section, \$450,000 shall be used to provide day treatment and aftercare services to juvenile females based upon a total of 100 slots, with an average cost of \$41 per day, for the school year and summer school period.

22. The department shall maximize the capacity to draw federal funding under Title IV-E of the federal Social Security Act *and shall submit a quarterly report regarding such maximization to the legislative fiscal bureau, commencing with a report of the quarter beginning July 1, 1999\**.

Sec. 16. CONNER DECREE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For providing training in accordance with the consent decree of Conner v. Branstad, No. 4-86-CU-30871 (S.D. Iowa, July 14, 1994):

..... \$ 46,000

Sec. 17. COMMUNITY-BASED PROGRAMS — ADOLESCENT PREGNANCY PREVENTION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For community-based programs, on the condition that family planning services are funded, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

..... \$ 1,009,000  
..... FTEs 1.00

1. Funds appropriated in this section shall be used to provide adolescent pregnancy prevention grants which comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, and shall emphasize programs which target the middle school level.

2. It is the intent of the general assembly that the department of human services and the Iowa department of public health shall continue to identify existing abstinence education or community-based programs which comply with the requirements established in section 912, subchapter V, of the federal Social Security Act, as codified in 42 U.S.C. § 701 et seq. for the matching of federal funds.

3. Funds appropriated in this section, shall also be used by the department to provide child abuse prevention grants.

Sec. 18. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state mental health institutes, for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

..... \$ 42,740,000  
..... FTEs 856.39

\* Item veto; see message at end of the Act

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State mental health institute at Cherokee:

.....	\$	12,580,000
.....	FTEs	249.24

The amount allocated in this subsection is sufficient for the mental health institute to make budget adjustments in order to continue funding of the inmate labor program and the work services center contract, and to retain the nurse positions that were in the final hiring stage in the spring of 1999 and other permanent positions.

b. State mental health institute at Clarinda:

.....	\$	7,010,000
.....	FTEs	138.59

c. State mental health institute at Independence:

.....	\$	17,710,000
.....	FTEs	358.73

The state mental health institute at Independence shall continue the 30 psychiatric medical institution for children (PMIC) beds authorized in section 135H.6, in a manner which results in no net state expenditure amount in excess of the amount allocated in this lettered paragraph. Counties are not responsible for the costs of PMIC services described in this subparagraph. Subject to the approval of the department, with the exception of revenues required under section 249A.11 to be deposited in the appropriation in this Act for medical assistance, revenues attributable to the PMIC beds established under this subparagraph for the fiscal year beginning July 1, 1999, and ending June 30, 2000, shall be deposited in the institute's account, including but not limited to any of the following revenues:

- (1) The federal share of medical assistance revenue received under chapter 249A.
- (2) Moneys received through client participation.
- (3) Any other revenues directly attributable to the PMIC beds.

d. State mental health institute at Mount Pleasant:

.....	\$	5,440,000
.....	FTEs	109.83

(1) Funding is provided in this lettered paragraph for the mental health institute at Mount Pleasant to continue the dual diagnosis mental health and substance abuse program on a net budgeting basis in which 50 percent of the actual per diem and ancillary services costs are chargeable to the patient's county of legal settlement or as a state case, as appropriate. Subject to the approval of the department, revenues attributable to the dual diagnosis program for the fiscal year beginning July 1, 1999, and ending June 30, 2000, shall be deposited in the institute's account, including but not limited to all of the following revenues:

- (a) Moneys received by the state from billings to counties under section 230.20.
- (b) Moneys received from billings to the Medicare program.
- (c) Moneys received from a managed care contractor providing services under contract with the department or any private third party payer.
- (d) Moneys received through client participation.
- (e) Any other revenues directly attributable to the dual diagnosis program.

(2) The following additional provisions are applicable in regard to the dual diagnosis program:

- (a) A county may split the charges between the county's mental health, mental retardation, and developmental disabilities services fund and the county's budget for substance abuse expenditures.
- (b) If an individual is committed to the custody of the department of corrections at the time the individual is referred for dual diagnosis treatment, the department of corrections shall be charged for the costs of treatment.
- (c) Prior to an individual's voluntary admission for dual diagnosis treatment, the individual shall have been screened through a county's single entry point process to determine the appropriateness of the treatment.

(d) A county shall not be chargeable for the costs of treatment for an individual enrolled in and authorized by or decertified by a managed behavioral care plan under the medical assistance program.

*\*(3) The department of human services, in cooperation with the department of corrections, shall develop a proposal to provide the option of treatment at the mental health institute at Mount Pleasant or another existing state-owned facility rather than incarceration of an individual who is convicted of use of methamphetamine. The proposal shall identify a payment source other than counties for such treatment. The departments shall submit a report which includes the proposal and any findings or recommendations to the persons designated by this Act to receive reports on or before December 15, 1999.\**

2. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

3. As part of the discharge planning process at the state mental health institutes, the department shall provide assistance in obtaining eligibility for federal supplemental security income (SSI) to those individuals whose care at a state mental health institute is the financial responsibility of the state.

*\*4. Each state mental health institute shall continue the net budgeting accounting test of managing revenues and expenditures attributable to the mental health institute in a manner that permits the net state expenditure amount to be determined. Each mental health institute shall submit a status report in October 1999 to the governor and to the persons required to be submitted reports by this Act. The status report shall identify advantages and disadvantages of utilizing the net budgeting approach and any changes in policy or statute recommended to improve implementation of the approach.\**

Sec. 19. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the state hospital-schools, for salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	4,549,284
.....	FTEs	1,554.51

1. The funds appropriated and full-time equivalent positions authorized in this section are allocated as follows:

a. State hospital-school at Glenwood:

.....	\$	2,783,504
.....	FTEs	877.75

b. State hospital-school at Woodward:

.....	\$	1,765,780
.....	FTEs	676.76

2. a. The department shall continue operating the hospital-schools at Glenwood and Woodward with a net general fund appropriation. The amounts allocated in this section are the net amounts of state moneys projected to be needed for the state hospital-schools. The purposes of operating with a net general fund appropriation are to encourage the hospital-schools to operate with increased self-sufficiency, to improve quality and efficiency, and to support collaborative efforts between the hospital-schools and counties and other funders of services available from the hospital-schools. The hospital-schools shall not be operated under the net appropriation in a manner which results in a cost increase to the state or cost shifting between the state, the medical assistance program, counties, or other sources of funding for the state hospital-schools. Moneys allocated in subsection 1 may be used throughout the fiscal year in the manner necessary for purposes of cash flow management, and for purposes of cash flow management the hospital-schools may temporarily draw more than the amount allocated, provided the amount allocated is not exceeded at the close of the fiscal year.

\* Item veto; see message at end of the Act

b. For purposes of calculating the hospital-schools' August 31, 2000, year-end balance at the close of the 1999-2000 fiscal year, the department shall include county receivables billed but not yet received. However, only receipts received within 120 days of being billed for fiscal year 1999-2000 services shall be included. The state hospital-schools may draw upon the general fund of the state in an amount equal to the receivables amount which is not received.

c. Subject to the approval of the department, except for revenues under section 249A.11, revenues attributable to the state hospital-schools for the fiscal year beginning July 1, 1999, shall be deposited into each hospital-school's account, including but not limited to all of the following:

- (1) Moneys received by the state from billings to counties under section 222.73.
- (2) The federal share of medical assistance revenue received under chapter 249A.
- (3) Federal Medicare program payments.
- (4) Moneys received from client financial participation.
- (5) Other revenues generated from current, new, or expanded services which the state hospital-school is authorized to provide.

\*d. In the 1999-2000 fiscal year, a hospital-school's report shall include a listing detailing the items for which depreciation reimbursement funds would have been utilized if the depreciation reimbursement had been retained by the institution. This listing shall be included with the report submitted pursuant to this subsection.\*

e. For the purposes of allocating the salary adjustment fund moneys appropriated in another Act, the state hospital-schools shall be considered to be funded entirely with state moneys.

f. Notwithstanding section 8.33, up to \$500,000 of a state hospital-school's revenues that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available to be used in the succeeding fiscal year.

g. Each state hospital-school and the department shall submit a status report in October 1999 to the governor and the joint appropriations subcommittee on human services.

3. Within the funds appropriated in this section, the department may reallocate funds as necessary to best fulfill the needs of the institutions provided for in the appropriation.

4. The department may continue to bill for state hospital-school services utilizing a scope of services approach used for private providers of ICFMR services, in a manner which does not shift costs between the medical assistance program, counties, or other sources of funding for the state hospital-schools.

5. The state hospital-schools may expand the time limited assessment and respite services during the fiscal year.

\*During the fiscal year beginning July 1, 1999, the state hospital-school at Glenwood shall unbundle pharmaceutical costs from the per diem charges for services at the hospital-school. County billings under section 222.73 shall be reduced in an amount equivalent to pharmaceutical costs separately charged to medical assistance as a result of the unbundling.\*

6. Notwithstanding section 8.33, up to \$500,000 of a state hospital-school's revenues generated by and moneys appropriated to a state hospital-school pursuant to 1998 Iowa Acts, chapter 1218, section 20, that remain unencumbered or unobligated at the close of the fiscal year, shall not revert to any fund but shall remain available for expenditure by the state hospital-school in the succeeding fiscal year.

Sec. 20. MENTAL ILLNESS SPECIAL SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental illness special services:  
..... \$ 121,220

1. The department and the Iowa finance authority shall continue the financing for existing community-based facilities and the financing for the development of affordable

\* Item veto; see message at end of the Act

community-based housing facilities. The department shall assure that clients are referred to the housing as it is developed.

2. The funds appropriated in this section are to provide funds for construction and start-up costs to develop community living arrangements to provide for persons with mental illness who are homeless. These funds may be used to match federal Stewart B. McKinney Homeless Assistance Act grant funds.

Sec. 21. FAMILY SUPPORT SUBSIDY PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used by the division of children and family services for the purpose designated:

For the family support subsidy program:

..... \$ 1,787,000

The department may use up to \$267,000 of the moneys appropriated in this section to continue the children-at-home program in current counties and to expand to two new counties, of which not more than \$20,000 shall be used for administrative costs.

Sec. 22. SPECIAL NEEDS GRANTS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

To provide special needs grants to families with a family member at home who has a developmental disability or to a person with a developmental disability:

..... \$ 53,212

Grants must be used by a family to defray special costs of caring for the family member to prevent out-of-home placement of the family member or to provide for independent living costs. The grants may be administered by a private nonprofit agency which serves people statewide provided that no administrative costs are received by the agency. *\*Regular reports regarding the special needs grants with the family support subsidy program and an annual report concerning the characteristics of the grantees shall be provided to the legislative fiscal bureau.\**

*\*The department shall issue a request for proposals for developmental disabilities basic support and advocacy grants.\**

Sec. 23. MI/MR/DD STATE CASES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For purchase of local services for persons with mental illness, mental retardation, and developmental disabilities where the client has no established county of legal settlement:

..... \$ 10,090,000

1. If a county has a county management plan which is approved by the director of human services pursuant to section 331.439, the services paid for under this section are exempt from the department's purchase of service system requirements. The department shall adopt rules to implement the provisions of this paragraph.

2. Of the moneys appropriated in this section, up to \$174,000 is allocated for the costs of the reimbursement increase provided in the reimbursement section of this Act for sheltered work, work activity, supported employment, supported work training, supported community living services, and adult residential services paid by the state or county under a state or county purchase of social services contract.

Sec. 24. REIMBURSEMENT — SOCIAL SERVICES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning

\* Item veto; see message at end of the Act



July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the costs of a reimbursement increase in accordance with this section for sheltered work, work activity, supported employment, job placement, enclave, adult day care, transportation, community supervised apartment living arrangements, and adult residential services paid by a county under a state purchase of service (POS) or county contract:

..... \$ 2,000,000

1. A fiscal year 1997-1998 spending amount for the POS or county contract services designated above shall be determined for each county by identifying the amount expended for the services for fiscal year 1997-1998 in the county's expenditure report submitted by December 1, 1998, pursuant to section 331.439, subsection 1, paragraph "a". The individual county spending amounts shall be combined by the department to identify a statewide spending amount. The moneys appropriated in this section shall be distributed to counties based on a county's proportion of the statewide spending amount.

2. A county shall utilize the distributed moneys to increase reimbursement of those POS or county contract providers whose reimbursement is below the provider's cost or who utilize the reimbursement increase to enhance service staff compensation. A county shall include a progress report describing the county's usage of the distributed moneys as an addendum to the county's expenditure report submitted by December 1, 1999, pursuant to section 331.439, subsection 1, paragraph "a", and a final report describing the usage as an addendum to the expenditure report submitted by December 1, 2000. It is the intent of the general assembly that any amount that is not utilized for the required purposes shall be recovered in the fiscal year beginning July 1, 2000, by reducing the county's social services block grant local purchase allocation in an equivalent amount.

Sec. 25. MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES — COMMUNITY SERVICES FUND. There is appropriated from the general fund of the state to the mental health and developmental disabilities community services fund created in section 225C.7 for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For mental health and developmental disabilities community services in accordance with this Act:

..... \$ 17,560,000

1. Of the funds appropriated in this section, \$17,530,000 shall be allocated to counties for funding of community-based mental health and developmental disabilities services. The moneys shall be allocated to a county as follows:

a. Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

b. Fifty percent based upon the county's proportion of the state's general population.

2. a. A county shall utilize the funding the county receives pursuant to subsection 1 for services provided to persons with a disability, as defined in section 225C.2. However, no more than 50 percent of the funding shall be used for services provided to any one of the service populations.

b. A county shall use at least 50 percent of the funding the county receives under subsection 1 for contemporary services provided to persons with a disability, as described in rules adopted by the department.

3. Of the funds appropriated in this section, \$30,000 shall be used to support the Iowa compass program providing computerized information and referral services for Iowans with disabilities and their families.

4. a. Funding appropriated for purposes of the federal social services block grant is allocated for distribution to counties for local purchase of services for persons with mental illness or mental retardation or other developmental disability.

b. The funds allocated in this subsection shall be expended by counties in accordance with the county's approved county management plan. A county without an approved county management plan shall not receive allocated funds until the county's management plan is approved.

c. The funds provided by this subsection shall be allocated to each county as follows:

(1) Fifty percent based upon the county's proportion of the state's population of persons with an annual income which is equal to or less than the poverty guideline established by the federal office of management and budget.

(2) Fifty percent based upon the amount provided to the county for local purchase of services in the preceding fiscal year.

5. A county is eligible for funds under this section if the county qualifies for a state payment as described in section 331.439.

Sec. 26. PERSONAL ASSISTANCE. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For continuation of a pilot project for the personal assistance services program in accordance with this section:

..... \$ 364,000

1. The funds appropriated in this section shall be used to continue the pilot project for the personal assistance services program under section 225C.46 in an urban and a rural area. Not more than \$36,400 shall be used for administrative costs. The pilot project and any federal home and community-based waiver developed under the medical assistance program shall not be implemented in a manner which would require additional county or state costs for assistance provided to an individual served under the pilot project or the waiver.

2. It is the intent of the general assembly that for any new applicants for personal assistance, priority shall be given to providing assistance to individuals for education, job training, and other forms of employment support. It is also the intent of the general assembly that if other programs become available which provide similar services, current recipients of personal assistance for whom these similar services are appropriate shall be assisted in attaining eligibility for these programs.

3. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available to provide personal assistance payments until the close of the succeeding fiscal year.

Sec. 27. FIELD OPERATIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For field operations, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

..... \$ 49,160,000

..... FTEs 2,071.00

*\*If a resignation, retirement, or dismissal reducing the number of full-time equivalent positions responsible for mental health or mental retardation services in a local office of the department causes the county to which the local office is assigned to assume responsibilities previously performed by the department's positions, the department shall reimburse the county for the increase in costs connected with the responsibilities assumed.\**

Sec. 28. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

\* Item veto; see message at end of the Act

For general administration, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	14,032,000
.....	FTEs	366.00

1. Of the funds appropriated in this section, \$57,000 is allocated for the prevention of disabilities policy council established in section 225B.3.

2. Of the funds appropriated in this section, \$129,971 for the fiscal year beginning July 1, 1999, shall be transferred to the state university of Iowa for the university-affiliated program for the support of Iowa creative employment options (CEO).

3. If an expenditure reduction or other cost-saving measure is deemed necessary to maintain expenditures within the amount appropriated to the department in this section, the department shall not implement the reduction or other measure in a manner which reduces service funding for disability rehabilitation programs, including but not limited to, state-wide supported employment programs.

*\*4. Moneys appropriated in this section and in the appropriation for field services that are budgeted for employee salaries and associated benefit costs shall not be obligated or encumbered for any other purpose.\**

*\*5. The department shall submit a quarterly report, commencing with the quarter beginning July 1, 1999, to the legislative fiscal bureau specifying the number and type of full-time equivalent positions in the department that are funded but vacant.\**

Sec. 29. VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For development and coordination of volunteer services:

.....	\$	118,500
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Sec. 30. SEXUALLY VIOLENT PREDATORS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For costs associated with the commitment and treatment of sexually violent predators including costs of legal services and other associated costs, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	1,531,000
.....	FTEs	20.00

Sec. 31. SEXUALLY VIOLENT PREDATORS — FY 1998-1999. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, to supplement the appropriation made in 1998 Iowa Acts, chapter 1218, section 31, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For costs associated with the commitment and treatment of sexually violent predators and for salaries and support for not more than the following full-time equivalent positions:

.....	\$	115,023
.....	FTEs	6.63

Notwithstanding section 8.62 or any other provision of law to the contrary, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall revert in accordance with section 8.33.

Sec. 32. REACTIVE ATTACHMENT DISORDER — TRAINING. There is appropriated from the general fund of the state to the department of human services for the fiscal year

\* Item veto; see message at end of the Act

beginning July 1, 1999, and ending June 30, 2000, the following amount, or so much thereof as is necessary, to develop a reactive attachment disorder training program for implementation by July 1, 2000:

..... \$ 60,000

The purpose of the program is to provide training and education to therapists and others who provide services through the department to children with reactive attachment disorder. The department shall consult with persons familiar with such training which includes clinically accepted techniques in the development of the training and education. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year. For the purposes of this section, "reactive attachment disorder" means a disorder resulting from the lack of reasonable care and nurturance, usually in the early years of life, which results in the inability to establish normal, stable attachments to caregivers and others.

Sec. 33. MEDICAL ASSISTANCE, STATE SUPPLEMENTARY ASSISTANCE, AND SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.

1. a. For the fiscal year beginning July 1, 1999, the rate for skilled nursing facilities shall be increased by 2 percent over the rates in effect on June 30, 1999.

b. For the fiscal year beginning July 1, 1999, the dispensing fee for pharmacists shall be increased by 2 percent over the rate in effect on June 30, 1999. The reimbursement policy for drug product costs shall be in accordance with federal requirements.

c. For the fiscal year beginning July 1, 1999, reimbursement rates for inpatient and outpatient hospital services shall be increased by 2 percent over the rates in effect on June 30, 1999. The department shall continue the outpatient hospital reimbursement system based upon ambulatory patient groups implemented pursuant to 1994 Iowa Acts, chapter 1186, section 25, subsection 1, paragraph "f". In addition, the department shall continue the revised medical assistance payment policy implemented pursuant to that paragraph to provide reimbursement for costs of screening and treatment provided in the hospital emergency room if made pursuant to the prospective payment methodology developed by the department for the payment of outpatient services provided under the medical assistance program.

d. Reimbursement rates for rural health clinics, hospices, and acute mental hospitals shall be increased in accordance with increases under the federal Medicare program or as supported by their Medicare audited costs.

e. Reimbursement rates for home health agencies shall be limited to a 2 percent increase over the rate in effect on June 30, 1999.

f. Federally qualified health centers shall receive cost-based reimbursement for 100 percent of the reasonable costs for the provision of services to recipients of medical assistance.

g. Beginning July 1, 1999, the reimbursement for dental services shall be increased by 2 percent over the rates in effect on June 30, 1999.

h. Beginning July 1, 1999, the reimbursement rate for community mental health centers shall be increased by 5 percent over the rates in effect on June 30, 1999.

i. For the fiscal year beginning July 1, 1999, unless otherwise specified in this Act, all noninstitutional medical assistance provider reimbursements shall be increased by 2 percent over the rates in effect on June 30, 1999.

2. a. The basis for establishing the maximum medical assistance reimbursement rate for nursing facilities shall be the 70th percentile of facility costs as calculated from the June 30, 1999, unaudited compilation of cost and statistical data submitted by each facility on medical assistance cost reports. A facility which does not have a current cost report on file with the department as of June 30, 1999, shall continue to receive the per diem rate in effect for that facility on June 30, 1999, until the facility's costs are above that rate or until June 30, 2000, whichever is earlier. A facility shall submit semiannual cost reports beginning July 1, 1999, or after, based on the closing date of the facility's fiscal year.

b. To the extent funds are available within the amount projected for reimbursement of nursing facilities within the appropriation for medical assistance in this Act for the fiscal year beginning July 1, 1999, and within the appropriation for medical assistance as a whole for the fiscal year beginning July 1, 1999, the department shall adjust the maximum medical assistance reimbursement for nursing facilities to the 70th percentile, as calculated from the December 31, 1999, unaudited compilation of cost and statistical data for only those nursing facilities which provide additional written documentation in a cost report which demonstrates increased expenditures for direct care in the form of wages during a cost reporting period in that fiscal year. In order to be eligible for the increased reimbursement, a nursing facility must submit the cost report with the additional documentation by June 30, 2000. To the extent possible, the additional written documentation shall be obtained from the expanded cost report information submitted by nursing facilities in accordance with paragraph "c". Any adjustment shall take effect January 1, 2000.

c. The department of human services shall adopt emergency rules requiring all nursing facilities to submit a medical assistance cost report on or after July 1, 1999, that incorporates the additional documentation specified in this lettered paragraph. Initially, the additional documentation shall provide baseline information by describing the status of the facility with reference to the information requested as of July 1, 1999, and subsequently the additional documentation shall describe the status of the facility for the period of the cost report. The additional documentation to be incorporated in the cost reports shall include all of the following information:

(1) Information concerning staffing costs including the number of hours of care provided per resident per day on all of the following: nursing services provided by registered nurses, licensed practical nurses, certified nurse aides, restorative aides, certified medication aides, and contracted nursing services; other care services; administrative functions; housekeeping and maintenance; and dietary services.

(2) The starting and average hourly wage for each class of employees.

*\*d. The information submitted under paragraph "c" shall be compiled by the department and provided to the general assembly and any legislative committee designated to consider human services reimbursement rates and methodologies.\**

3. For the fiscal year beginning July 1, 1999, the maximum cost reimbursement rate for residential care facilities reimbursed by the department shall not be less than \$23.83 per day for the time period of July 1, 1999, through December 31, 1999, and shall not be less than \$24.26 per day for the time period of January 1, 2000, through June 30, 2000. The flat reimbursement rate for facilities electing not to file semiannual cost reports shall not be less than \$17.05 per day for the time period of July 1, 1999, through December 31, 1999, and shall not be less than \$17.36 per day for the time period of January 1, 2000, through June 30, 2000. For the fiscal year beginning July 1, 1999, the maximum reimbursement rate for providers reimbursed under the in-home health-related care program shall not be less than \$458.20 per month for the time period of July 1, 1999, through December 31, 1999, and shall not be less than \$466.49 per month for the time period of January 1, 2000, through June 30, 2000.

4. Unless otherwise directed in this section, when the department's reimbursement methodology for any provider reimbursed in accordance with this section includes an inflation factor, this factor shall not exceed the amount by which the consumer price index for all urban consumers increased during the calendar year ending December 31, 1998.

5. Notwithstanding section 234.38, in the fiscal year beginning July 1, 1999, the foster family basic daily maintenance rate and the maximum adoption subsidy rate for children ages 0 through 5 years shall be \$13.79, the rate for children ages 6 through 11 years shall be \$14.54, the rate for children ages 12 through 15 years shall be \$16.28, and the rate for children ages 16 and older shall be \$16.32.

6. For the fiscal year beginning July 1, 1999, the maximum reimbursement rates for adoption and independent living services shall be increased by 2 percent over the rates in effect on June 30, 1999. The maximum reimbursement rates for other social service providers

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\* Item veto; see message at end of the Act

shall be the same as the rates in effect on June 30, 1999. However, the rates may be adjusted under any of the following circumstances:

a. If a new service was added after June 30, 1999, the initial reimbursement rate for the service shall be based upon actual and allowable costs.

b. If a social service provider loses a source of income used to determine the reimbursement rate for the provider, the provider's reimbursement rate may be adjusted to reflect the loss of income, provided that the lost income was used to support actual and allowable costs of a service purchased under a purchase of service contract.

c. The department revises the reimbursement rates as part of the changes in the mental health and developmental disabilities services system initiated pursuant to 1995 Iowa Acts, chapter 206, and associated legislation.

7. The group foster care reimbursement rates paid for placement of children out-of-state shall be calculated according to the same rate-setting principles as those used for in-state providers unless the director determines that appropriate care cannot be provided within the state. The payment of the daily rate shall be based on the number of days in the calendar month in which service is provided.

8. Of the moneys appropriated in this Act for child and family services, \$2,652,296 is allocated to provide for a reimbursement increase to rehabilitative treatment and support services providers effective July 1, 1999.

9. For the fiscal year beginning July 1, 1999, the combined service and maintenance components of the reimbursement rate paid to a shelter care provider shall be based on the cost report submitted to the department. The maximum reimbursement rate shall be \$79.70 per day. If the department would reimburse the provider at less than the maximum rate but the provider's cost report justifies a rate of at least \$79.70, the department shall readjust the provider's reimbursement rate to the maximum reimbursement rate.

10. For the fiscal year beginning July 1, 1999, the department shall calculate reimbursement rates for intermediate care facilities for persons with mental retardation at the 80th percentile.

11. For the fiscal year beginning July 1, 1999, for child day care providers, the department shall set provider reimbursement rates based on the rate reimbursement survey completed in December 1996. The department shall set rates in a manner so as to provide incentives for a nonregistered provider to become registered.

12. Effective July 1, 1999, the maximum reimbursement rate for psychiatric medical institutions for children (PMICs) shall be increased to \$145.74 per day, based on per day rates for actual costs on June 30, 1999.

13. The department may adopt emergency rules to implement this section.

*\*Sec. 34. STATE-COUNTY ASSISTANCE TEAM — FULL-TIME EQUIVALENT POSITIONS. Of the full-time equivalent positions authorized in this Act for the state-county assistance team, 1.00 FTE shall work with the state-county management committee, 1.00 FTE shall work with the county single entry point process or coordinators, and 4.00 FTEs shall provide technical assistance for community empowerment areas.\**

**Sec. 35. MOTOR VEHICLE LICENSE REINSTATEMENT PENALTY — DEPOSIT AND APPROPRIATION.** Notwithstanding the deposit provisions of sections 321.218A and 321A.32A, moneys collected during the fiscal year beginning July 1, 1999, and ending June 30, 2000, by the state department of transportation pursuant to those sections shall be deposited to the credit of the department of human services for the fiscal year beginning July 1, 1999, and ending June 30, 2000, and are appropriated as follows:

For the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes. Moneys appropriated in this section shall be allocated among eligible detention homes, prorated on the basis of an eligible detention home's proportion of the costs of all eligible detention homes in the current fiscal year. Notwithstanding section 232.142, subsection 3, the financial aid payable by the state under that provision for the

\* Item veto; see message at end of the Act

fiscal year beginning July 1, 1999, shall be limited to the amount appropriated in this subsection.

Sec. 36. 1998 Iowa Acts, chapter 1218, section 33, is amended by striking the section and inserting in lieu thereof the following:

SEC. 33. DEPARTMENT OF HUMAN SERVICES — MOTOR VEHICLE LICENSE RE-INSTATEMENT PENALTY — DEPOSIT AND APPROPRIATION. Notwithstanding the deposit provisions of sections 321.218A and 321A.32A, the moneys collected during the fiscal year beginning July 1, 1998, and ending June 30, 1999, by the state department of transportation pursuant to those sections shall be deposited to the credit of the department of human services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, and are appropriated as follows:

For the establishment, improvement, operation, and maintenance of county or multicounty juvenile detention homes.

Moneys appropriated in this section shall be allocated among eligible detention homes, prorated on the basis of an eligible detention home's proportion of the costs of all eligible detention homes in the previous fiscal year. Notwithstanding section 232.142, subsection 3, the financial aid payable by the state under that provision for the fiscal year beginning July 1, 1998, shall be limited to the amount appropriated in this section.

*\*Sec. 37. STATE INSTITUTIONS — COOPERATIVE EFFORTS.*

1. *If a state institution administered by the department of human services is to be closed or reduced in size, prior to the closing or reduction the department shall initiate and coordinate efforts in cooperation with the Iowa department of economic development to develop new jobs in the area in which the state institution is located. In addition, the department may take other actions to utilize any closed unit or other facilities and services of an institution, including but not limited to assisting public or private organizations in utilizing the services and facilities. The actions may also include assisting an organization with remodeling and lease costs by forgiving future rental or lease payments to the extent necessary for a period not to exceed five years. The department of human services and the department of economic development shall submit a joint report to the chairpersons and ranking members of the joint appropriations subcommittee on human services on or before January 2, 2000, regarding any efforts made pursuant to this subsection.*

2. *For purposes of this section, "state institution" means a state mental health institute, a state hospital-school, the state training school, and the Iowa juvenile home under the authority of the department of human services listed in section 218.1.\**

Sec. 38. TRANSFER AUTHORITY. Subject to the provisions of section 8.39, for the fiscal year beginning July 1, 1999, if necessary to meet federal maintenance of effort requirements or to transfer federal temporary assistance for needy families block grant funding to be used for purposes of the federal social services block grant, the department of human services may transfer between any of the appropriations made in this Act and appropriations in law for the federal social services block grant to the department for the following purposes, provided that the combined amount of state and federal temporary assistance for needy families block grant funding for each appropriation remains the same before and after the transfer:

1. For the family investment program.
2. For emergency assistance.
3. For child day care assistance.
4. For child and family services.
5. For field operations.
6. For general administration.
7. MH/MR/DD/BI community services (local purchase).

This section shall not be construed to prohibit existing state transfer authority for other purposes.

\* Item veto; see message at end of the Act

Sec. 39. FRAUD AND RECOUPMENT ACTIVITIES. During the fiscal year beginning July 1, 1999, notwithstanding the restrictions in section 239B.11, the department of human services may expend recovered moneys generated through fraud and recoupment activities for additional fraud and recoupment activities performed by the department of human services or the department of inspections and appeals, and may add not more than five full-time equivalent positions, in addition to those authorized in this Act, subject to both of the following conditions:

1. The director of human services or the director of inspections and appeals determines that the investment can reasonably be expected to increase recovery of assistance paid in error, due to fraudulent or nonfraudulent actions, in excess of the amount recovered in the fiscal year beginning July 1, 1997.

2. The amount expended for the additional fraud and recoupment activities shall not exceed the amount of the projected increase in assistance recovered.

Sec. 40. 1998 Iowa Acts, chapter 1218, section 5, subsection 4, is amended to read as follows:

4. Of the child support collections assigned under the family investment program, an amount equal to the federal share of support collections shall be credited to the child support recovery appropriation. The remainder of the assigned child support collections ~~and the state share of incentives~~ received by the child support recovery unit shall be credited to the family investment program account. The appropriation in this Act from the general fund of the state to the department for child support recovery for the fiscal year is reduced by an amount equal to the state share of incentives received by the child support recovery unit and a like amount is added to the appropriation in this Act from the general fund of the state to the department for the family investment program.

Sec. 41. FINANCIAL ASSISTANCE SERVICES.

1. For purposes of this section, "financial assistance services" means services or other assistance provided under one or more of the following programs administered by the department of human services: family investment program, PROMISE JOBS program, medical assistance program, food stamp program, state child care assistance program, refugee cash assistance program, emergency assistance program, and child support recovery program.

2. During the fiscal year beginning July 1, 1999, and ending June 30, 2000, the department of human services may continue to conduct a pilot program or pilot programs for provisions of financial assistance services.

3. Any pilot program conducted in accordance with this section shall be designed to meet one or more of the following financial assistance services goals:

- a. A reduction in paperwork for applicants and recipients of services, or staff, or both.
- b. Streamlining or expediting the eligibility determination process, to decrease the length of time it takes to inform applicants for financial assistance services as to the disposition of their request for the services.
- c. Streamlining or expediting the referral process for family investment program applicants and recipients to other financial assistance services such as PROMISE JOBS or child support recovery, so that referrals can be initiated in a more timely manner in order to help move applicants and recipients more quickly to economic self-sufficiency or toward reduced reliance on government assistance.

d. Improved coordination of the management of financial assistance services as applicants for and recipients of the services work toward economic self-sufficiency.

e. Identification of policies, procedures, and practices that could be altered or eliminated without materially affecting the desired results for the family assistance services.

4. Any pilot program conducted in accordance with this section is subject to the following limitations and parameters:

a. Notwithstanding any administrative rule, that is not based in federal law, the department may alter policies, procedures, and practices to waive the administrative rule, that are



based in state law, provided that the alterations do not decrease an applicant's or recipient's choice of, or ability to obtain, financial assistance services from the department in comparison with the financial assistance services that would otherwise be available. The department may operate one or more pilot projects under this paragraph, in not more than eight counties.

b. If the department obtains a waiver of federal law or regulation, the department may alter policies, procedures, and practices that are based in federal law, provided that the alterations do not decrease an applicant's or recipient's choice of, or ability to obtain, financial assistance services from the department in comparison with the financial assistance services that would otherwise be available. The department may operate one or more projects under this paragraph, in not more than eight counties.

c. In order to facilitate rapid implementation, except as provided in paragraph "d", any pilot program authorized under this section is exempt from the rulemaking procedures and rulemaking requirements of chapter 17A. *\*However, following development of the pilot program, the department shall provide a list of the laws or rules being waived to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the administrative rules review committee, the administrative rules coordinator, the legislative fiscal bureau, and the legislative service bureau.\** In implementing a pilot program under this section, the department shall take steps to make applicants and recipients of services aware of their choices, expectations, rights, and responsibilities.

d. The department shall adopt emergency rules establishing a framework for the pilot projects implemented under this section. The rules shall identify the participating counties, the maximum duration of each pilot project, and generally describe the scope and nature of each pilot project. Within this framework, the department retains broad discretion to revise a pilot project without further rulemaking describing the revision.

**Sec. 42. REVIEW OF HUMAN SERVICES PROVIDER REIMBURSEMENTS AND ADMINISTRATIVE RULES.** The legislative council is requested to authorize the following concerning the department of human services:

1. Establishment of a task force to review the methodologies and distribution mechanisms used to reimburse providers of medical assistance, state supplementary assistance, social services, and other services funded in the department's budget. The task force should be directed to consider the findings of previous studies; options for funding of services appropriate to individual needs; options for implementation of the resource-based relative value system methodology to determine medical provider reimbursement under the medical assistance program; implementation of waivers, state plan changes, and other approaches allowed by the federal government; options for using tobacco settlement moneys; the option of resource-based reimbursement; review of nursing facility cost reports, including additional written documentation, compiled by the department of human services and submitted pursuant to requirements in the reimbursement section of this Act; and other approaches for improving reimbursement equity between providers and in the amounts reimbursed.

2. An independent review of the department's administrative rules and their impact upon services and staff, with support from foundation or other private funding.

*\*Sec. 43. SERVICES FOR PERSONS WITH BRAIN INJURY AND PERSONS WITH AUTISM. The state-county management committee shall review the statewide availability of services and funding for persons with brain injury and for persons with autism compared to the availability of mental health and developmental disability services. In addition, the committee shall review current approaches for meeting the needs of persons with mental retardation who are aging, to identify possible improvements. The committee shall make findings and recommendations for actions which may be taken to appropriately address the needs of persons with such disabilities. The findings and recommendations shall be included in the committee's annual report to be submitted by January 1, 2000.\**

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\* Item veto; see message at end of the Act

Sec. 44. **HUMAN SERVICES RESTRUCTURING.** The legislative council is requested to authorize a human services restructuring task force to consider existing and proposed initiatives for improving the provision of human services and other public services. If created, the task force should be directed to review the community empowerment initiative; the county management provisions for mental health, mental retardation, and developmental disabilities services, referred to as Senate File 69\* and the adult mental health and developmental disabilities funding decategorization; child welfare funding decategorization and the service bundling proposal developed by the legislative council's child welfare work group; and other proposals for improving local management of essential public services. The task force should be directed to report its findings and recommendations to the persons in this Act designated for receipt of reports prior to the convening of the general assembly in the year 2000.

Sec. 45. **CHILD PROTECTION EVALUATION.** Notwithstanding the requirements of 1997 Iowa Acts, chapter 176, section 23, the independent evaluation of the child protection system shall be completed in the fiscal year which begins July 1, 2000.

Sec. 46. **ADOPTION SPECIAL SERVICES — FOSTER CHILD.** The department shall review and shall submit recommendations by December 15, 1999, to the general assembly regarding all of the following:

1. The addition of respite care to the category of special services provided to a child with physical or mental disabilities or an older or otherwise hard-to-place child who is adopted. The review and recommendations shall include an estimate of the cost of the addition and possible funding sources.

2. The continuation of special services to a foster child following the filing of an adoption petition and for a reasonable time following issuance of an adoption decree relating to the child. The reasonable time may be limited to not less than twenty days following issuance of the adoption decree to allow the adoptive parents to provide documentation of efforts to obtain special services free of cost or under the adoptive parent's insurance policy. The review and recommendations shall include an estimate of the cost of such continuation and possible funding sources.

Sec. 47. **EMERGENCY RULES.** If specifically authorized by a provision of this Act, the department of human services or the mental health and developmental disabilities commission may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions and the rules shall become effective immediately upon filing, unless the effective date is delayed by the administrative rules review committee, notwithstanding section 17A.4, subsection 5, and section 17A.8, subsection 9, or a later effective date is specified in the rules. Any rules adopted in accordance with this section shall not take effect before the rules are reviewed by the administrative rules review committee. Any rules adopted in accordance with the provisions of this section shall also be published as notice of intended action as provided in section 17A.4.

Sec. 48. **REPORTS.** Any reports or information required to be compiled and submitted under this Act shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services, the legislative fiscal bureau, the legislative service bureau, and to the caucus staffs on or before the dates specified for submission of the reports or information.

## DIVISION II

Sec. 49. **NEW SECTION. 237A.30 HIGH QUALITY CHILD DAY CARE PROVIDERS.**

1. The department shall accept nationally recognized accreditations in identifying and listing high quality child day care providers. Any registered family or group home or licensed child day care provider in this state that is accredited in good standing by the national

\* 1995 Iowa Acts, chapter 206

association for the education of young children or the national association for family child care shall be included in the listing.

2. Providers included in the listing which remain in good standing with the accrediting body and with state regulation shall be designated as a gold seal quality child day care provider. Any provider included in the listing may publicly utilize the designation as a gold seal quality child day care provider. Child day care resource and referral services shall be encouraged to make use of the providers holding this designation as a resource in quality improvement efforts and to identify these providers in making referrals to the public.

3. Holders of the gold seal quality designation shall be recognized annually in April during the week of national recognition of young children. A recognition event shall be hosted during that week by a committee which may include but is not limited to the governor, legislative leaders, department staff and other child care experts, and the chairpersons and ranking members of the legislative committees involved with regulation or funding of child day care.

4. Subject to the availability of funding, an eligible holder of the gold seal quality designation receiving an initial or renewal national accreditation may receive a one-time cash award in the year of initial or renewal accreditation on or after July 1, 1999. Holders of the designation who received funding assistance to obtain the initial or renewal national accreditation under a grant administered by the child development coordinating council or as part of being a federal head start program are not eligible for the cash award. Eligible holders of the designation may receive a cash award of two hundred fifty dollars for registered family and group day care home providers and five hundred dollars for licensed centers.

Sec. 50. Section 249A.3, Code 1999, is amended by adding the following new subsection: **NEW SUBSECTION.** 5A. In determining eligibility for children under subsection 1, paragraphs "b", "f", "g", "j", "k", "n", and "s"; subsection 2, paragraphs "a", "c", "d", "f", and "g"; and subsection 5, paragraph "b", all resources of the family, other than monthly income, shall be disregarded.

Sec. 51. Section 249A.18, Code 1999, is amended to read as follows:

249A.18 COST-BASED REIMBURSEMENT — RURAL HEALTH CLINICS AND FEDERALLY QUALIFIED HEALTH CLINICS CENTERS.

Rural health clinics and federally qualified health ~~clinics~~ ~~centers~~ shall receive cost-based reimbursement for ~~one hundred percent of the reasonable costs for~~ the provision of services to recipients of medical assistance, ~~subject to limitations and exclusions based on federal law and regulations as determined by the director.~~

Sec. 52. **NEW SECTION.** 514I.11 HAWK-I TRUST FUND.

1. A HAWK-I trust fund is created in the state treasury under the authority of the department of human services, in which all appropriations and other revenues of the program such as grants, contributions, and participant payments shall be deposited and used for the purposes of the program. The moneys in the fund shall not be considered revenue of the state, but rather shall be funds of the program.

2. The trust fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. The moneys in the trust fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered, except to provide for the purposes of this chapter. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the trust fund shall be credited to the trust fund.

### DIVISION III MISCELLANEOUS PROVISIONS

Sec. 53. **EFFECTIVE DATE.** The following provisions of this Act, being deemed of immediate importance, take effect upon enactment:

1. Section 1, relating to the social services block grant supplementation.
2. Section 5, subsection 8, relating to the X-PERT computer system.
3. Section 6, subsection 2, relating to refunds of utility and rent deposits for emergency assistance recipients.
4. Section 7, subsection 10, relating to development of a county billing system.
5. Section 9, subsection 2, relating to reversion of appropriations for the healthy and well kids in Iowa program.
6. Section 10, subsection 4, relating to the reversion of moneys appropriated for medical contracts in 1998 Iowa Acts, chapter 1218, section 10.
7. Section 14, subsection 6, relating to reversion of moneys appropriated for the state training school at Eldora in 1998 Iowa Acts, chapter 1218, section 14.
8. Section 15, subsection 2, paragraph "e", relating to requirements of section 232.143, for the 1999-2000 fiscal year.
9. Section 15, subsection 17, relating to determining allocation of court-ordered services funding.
10. Section 19, subsection 6, relating to fiscal year 1998-1999 revenues at the state hospital-schools.
11. Section 31, providing a fiscal year 1998-1999 appropriation for costs associated with treatment and commitment of sexually violent predators.
12. Section 36, amending 1998 Iowa Acts, chapter 1218, section 33.
13. Section 40, amending 1998 Iowa Acts, chapter 1218, section 5.

*Approved May 21, 1999, with exceptions noted.*

THOMAS J. VILSACK, *Governor*

Dear Mr. Secretary:

I hereby transmit House File 760, an Act relating to appropriations for the Department of Human Services and including other provisions and appropriations involving human services and health care, and providing effective dates.

The human services appropriations bill is a vitally important measure for literally hundreds of thousands of Iowans. For many of our neighbors, family members and friends it provides the services they most need to maintain families, assure basic health care for children, nursing home care for senior citizens, treatment for those with mental illness, and assistance for those with mental retardation or developmental disabilities.

In our state, we have a long and proud tradition of neighbor helping neighbor and friend and family looking out for those in need of assistance. I fear, however, that this tradition is being eroded by decisions contained within this appropriations bill. That troubles me.

When I presented my budget recommendations to the Legislature, I focused most of my efforts on a core set of priorities, many of which were directed at children. One priority, for example, was to extend health insurance coverage to as many Iowa children as the federal government would cover under their new children's health insurance program (CHIP). Unfortunately, the Legislature did not provide the funding necessary to carry out this effort. I also sought to improve the level of care in our state's nursing homes by improving the salaries of those who provide direct care to nursing home patients. The Legislature did not follow through on that recommendation.

In total, the legislature reduced the resources available for services provided by this budget by over \$8.5 million compared to my budget recommendations. This is going to have a real impact on Iowans and the services that they need. At the same time, the legislature placed

over 25 different requirements for studies and reports on the department — while radically cutting the department's field and administrative staff. These requirements, if approved, would also reduce the level of services that can be provided to the citizens of our state, and I cannot in good conscience approve them.

I have directed the Department of Human Services to become a results-oriented agency and to develop systems that focus on health, safety, and self-sufficiency. While several of the requested studies or reports may provide useful information that could improve services, the patchwork nature in which they are made promote a fragmented system of service delivery. We need to use a more comprehensive approach to review our service delivery system. My decision to veto all of the unfunded reports and studies contained in House File 760 is done with the expectation that the Department of Human Services will continue to provide to the General Assembly information or reports that are critical to the legislative process. However, it would be detrimental to the state as a whole to expend resources for reports that may sit unread on a legislator's desk while children make do without adequate health care.

There are, no doubt, studies or reports item vetoed in this bill that would benefit many of the Iowans served by this bill. I would ask that representatives of these groups join with me in creating a public debate on the human services needs in our state. Only through such discussion and deliberation can we improve services for those most in need in our state. I pledge to work toward that goal in the years to come. I would ask that the Legislature make a similar pledge to work with me to accomplish this goal.

House File 760 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 3, subsection 5, in its entirety. This item requires the department to consult with the welfare reform advisory group to establish eligible hardship exemptions for the family investment program and report to the General Assembly by January 1, 2000. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the last unnumbered paragraph of Section 4. This requires the department to report quarterly on any changes in TANF allocations. Given the cuts made to department staff, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 5, subsection 1, paragraph e, in its entirety. This requires the department to conduct an evaluation of the child welfare reform program and child well-being provisions to measure the program's effectiveness. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 5, subsection 4, paragraph d, subparagraph (3), subparagraph subdivision (d), in its entirety. This requires the department to submit a report regarding community level parental obligation pilot projects by December 15, 1999. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 5, subsection 4, paragraph e, in its entirety. This item proposes to spend \$100,000 of federal Temporary Assistance to Needy Families funds on a new pilot project for diversion from FIP of persons adjudicated to receive child welfare services who are eighteen years of age. Since federal regulations require that this federal money be directed towards families with children, this appropriation does not fit the federal purpose of the program.

I am unable to approve the item designated as Section 7, subsection 12, in its entirety. This would require the department to convene representatives of interest groups to identify ways to improve home and community-based waiver services and to assess the feasibility of implementing improvements. The department is also directed to submit a report of the findings and recommendations of the group to the General Assembly by December 15, 1999. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the designated portion of Section 7, subsection 17. This would require the department to evaluate the fiscal impact of implementing twelve month continuous eligibility for medical assistance with a report to the General Assembly October 1, 1999. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 9, subsection 3, in its entirety. This requires the HAWK-I Board to conduct a study of the costs of providing family coverage under the state children's health insurance program and to report to the General Assembly by December 15, 1999. Absent an appropriation to accomplish this task, Iowans will benefit more from utilizing appropriations for services that directly provide health care for children.

I am unable to approve the designated portions of Section 13, subsections 1 and 2. These sections allow the department to add additional positions to child support recoveries if additional recoveries are cost effective. The vetoed portions would require a report to the General Assembly on the ratio of the administrative costs to the total amount of the child support recovered. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the designated portion of Section 15, subsection 1. This item requires notification to the Legislature of a transfer of funds to be subject to provisions of section 8.39 of the Code. The language in the bill already authorizes the transfer, and the amounts of the transfer are included in the budget approved by the Legislature. This is an additional, unnecessary notification of items already presented.

I am unable to approve the items designated as Section 15, subsection 2, paragraph b, subparagraph (2), in its entirety and Section 15, subsection 13, in its entirety. These items would require the department to report quarterly on children placed in group foster care and expenditures by county and region to the judicial branch, the Legislative Fiscal Bureau, and decategorization boards. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the designated portion of Section 15, subsection 14. This would require the department to report on exceptions granted to group care eligibility guidelines to the Joint Human Services Appropriations Subcommittee before January 1, 2000. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the items designated as Section 15, subsection 17, paragraph b, subparagraph (2), and Section 15, subsection 17, paragraph d, in their entirety. These would require each judicial planning group to submit an annual report on court ordered services and would require the department and court administrator to compile a report to be delivered to the Joint Human Services Appropriations Subcommittee and Legislative Fiscal Bureau by October 15, 1999. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 15, subsection 18, in its entirety. This would require the department to evaluate the recidivism rates of public and private treatment programs for juveniles and submit an annual report by December 15, 1999. The department may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the designated portion of Section 15, subsection 22. This would require the department to report quarterly on the maximization efforts to claim additional federal Title IV-E funds. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 18, subsection 1, paragraph d, subparagraph (3), in its entirety. This would require the department, in cooperation with the department of corrections, to develop a proposal to provide the option of treatment at a mental health institution rather than incarceration of an individual who is convicted of use of methamphetamine. The departments are to submit a report by December 15, 1999. The departments may undertake this action, but absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 18, subsection 4, in its entirety. This would require each mental health institute to continue the net budgeting accounting test of managing revenues and expenditures attributable to the mental health institutes and submit a status report in October 1999 that identifies the advantages and disadvantages of utilizing this budget approach. Given that budgets for mental health institutions were significantly reduced below my recommendations, and absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly assist Iowa children and families.

I am unable to approve the item designated as Section 19, subsection 2, paragraph d, in its entirety. This would require that a state hospital school's report include a listing detailing the items for which depreciation reimbursement funds would have been utilized if the depreciation reimbursement had been retained by the institution. Absent an appropriation to accomplish this task, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the designated portion of Section 19, subsection 5. This would require the Glenwood state hospital school to unbundle pharmaceutical services from their per diem costs. While this idea may have potential, the funding and language provided require further study.

I am unable to approve the designated portion of Section 22. This would require the department to provide to the legislative fiscal bureau regular reports regarding special needs grants with the family support subsidy program and an annual report concerning the characteristics of the grantees. Absent an appropriation to accomplish these tasks, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the last unnumbered paragraph of Section 22. This section directs the department to issue a request for proposals for developmental disabilities basic support and advocacy grants. The appropriation is for one time special needs grants to assist families in preventing out of home placement for a family member who has a developmental disability. The vetoed language has no real relationship to the appropriation or the other language specifying grants to families in this section.

I am unable to approve the designated portion of Section 27. This would require the department to reimburse a county when it chooses to offset a reduction in state mental health or mental

retardation staff. The department must retain flexibility to make staffing decisions based upon caseload need and funding availability. Further, funding decisions made within the bill will have consequences for services that the state can provide. Requiring the department to reimburse counties for the legislature's funding decisions will reduce funding for state services that directly benefit Iowa children and families.

I am unable to approve the item designated as Section 28, subsection 4, in its entirety. This would require the department to use funds budgeted for salaries for no other purposes and to report on vacant positions. The department must retain the flexibility to make staffing decisions based on the needs necessary to provide services for Iowa children and families. Given that the legislature provided funding significantly below my recommendations for services that Iowans are legally entitled to receive, the department will need budget flexibility to ensure that these required services can be provided.

I am unable to approve the item designated as Section 28, subsection 5, in its entirety. This would require the department to submit quarterly reports to the Legislative Fiscal Bureau specifying the number and type of full time equivalent positions in the department that are funded but vacant. Given the reductions in administrative positions contained in this bill, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 33, subsection 2, paragraph d, in its entirety. This would require the department to compile information on nursing home staffing costs and the starting and average hourly wage for each class of employees and submit it to the General Assembly and any legislative committee. Given the reductions in administrative positions contained in this bill, the state will benefit more from utilizing appropriations for services that directly affect Iowa's residents of nursing homes.

I am unable to approve the item designated as Section 34 in its entirety. This would require the department redirect current staffing to provide community empowerment technical assistance. The result would be that state-county technical support services would be dramatically reduced. The department must retain the flexibility necessary to make staffing decisions based on the needs required to provide services to Iowa children and families.

I am unable to approve the item designated as Section 37 in its entirety. This would require that the department, in cooperation with the department of economic development, coordinate efforts to develop new jobs in an area where a state institution is closed or downsized. The department may undertake this action, but the department should have the flexibility to tailor appropriate services for workers in these situations.

I am unable to approve the designated portion of Section 41, subsection 4, paragraph c. This would require the department to report on laws or rules being waived under a pilot project to the chairpersons and ranking members of the Joint Appropriations Subcommittee on Human services, the Administrative Rules Review Committee, the Administrative Rules Coordinator, the Legislative Fiscal Bureau, and the Legislative Service Bureau. Given the reductions in administrative positions contained in this bill, the state will benefit more from utilizing appropriations for services that directly affect Iowa children and families.

I am unable to approve the item designated as Section 43 in its entirety. This would require the state-county management committee to review statewide availability of services for persons with brain injury and persons with autism with findings to be submitted by January 1, 2000. While the department and I are supportive of efforts to provide services for persons with brain injury and persons with autism, the department should retain the flexibility to undertake these efforts in conjunction with representatives of the affected groups. Given the reductions in administrative positions contained in this bill, the state may benefit more from utilizing appropriations for services that directly affect Iowa children and families than undertaking yet another study.



For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 760 are hereby approved as of this date.

Sincerely,  
THOMAS J. VILSACK, Governor

## CHAPTER 204

### APPROPRIATIONS — INFRASTRUCTURE AND CAPITAL PROJECTS

H.F. 772

**AN ACT** relating to and making appropriations from and to the rebuild Iowa infrastructure fund and the Iowa resources enhancement and protection fund to state departments and agencies, including the department of agriculture and land stewardship, the department of cultural affairs, the department of economic development, the department of corrections, the department of general services, the Iowa state fair foundation, the judicial branch, the legislative council, the department of natural resources, the department of public defense, the department of public safety, the state board of regents, the state department of transportation, office of treasurer of state, and the commission of veterans affairs and providing effective dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

#### DIVISION I REBUILD IOWA INFRASTRUCTURE FUND DEPARTMENT OF CORRECTIONS

Section 1. There is appropriated from the rebuild Iowa infrastructure fund to the department of corrections for the fiscal biennium beginning July 1, 1999, and ending June 30, 2001, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For purchase and planning, design, and construction of a 170-bed facility at the Iowa medical and classification center at Oakdale:		
FY 1999-2000 .....	\$	3,750,000
FY 2000-2001 .....	\$	2,500,000
2. For purchase and installation of a boiler and related planning, design, and construction at the correctional facility at Rockwell City:		
FY 1999-2000 .....	\$	1,800,000
FY 2000-2001 .....	\$	0
3. For planning, design, renovation, and construction of expansion projects at community-based correctional facilities:		
FY 1999-2000 .....	\$	2,000,000
FY 2000-2001 .....	\$	0
4. For planning, design, renovation, and construction of expansion projects and for utility upgrades at the correctional facility at Mitchellville:		
FY 1999-2000 .....	\$	2,700,000
FY 2000-2001 .....	\$	0