



# Iowa Department of Human Services

Terry E. Branstad  
Governor

Kim Reynolds  
Lt. Governor

Charles M. Palmer  
Director

September 30, 2011

The Honorable Terry E. Branstad  
State Capitol  
Des Moines, Iowa 50319

Dear Governor Branstad:

On behalf of the Human Services Council, I am submitting our funding recommendation for SFY 2013. The sixteen offers detailed in the attached document provide an overview of our work with more than 925,000 lowans who benefit from the programs and services administered by the Department. The funding needed to maintain the array of services and sustain results is detailed in the financial information following each offer. Our budget request sustains the current service delivery.

During the 2011 Session, the legislature acted on your desire to establish a biennial budget for the state. As we considered the budget recommendation for SFY 2013, we recognized the current desire to maintain stability in the state's overall budget. We also recognize the critical importance of the services and programs supported by the Department. As you know, these programs help lowans achieve safe, stable, self-sufficient, and healthy lives. We do have several items we want to bring to your attention regarding the Council's budget recommendation for the Department.

While we recognize that the economic conditions over the past several years have created significant budget challenges for the state, those same economic conditions increase the need for many human services programs. Overall, we continue to see increases in the number of lowans served through the Department's programs.

During the recent years, the budget challenges faced by the state have directly impacted the Department. DHS had just over 5,818 FTEs at the beginning of SFY 2008. Today, the Department has 5,094 FTEs. The Department avoided further reductions in FTEs by closely managing expenditures for support (non-labor). Opportunities to further reduce support expenses have diminished and we are concerned about the impact further budget constraints may place on already limited resources:

- The state's mental health institutions, two resource centers, two juvenile facilities and the Civil Commitment Unit for Sexual Offenders (CCUSO) provide critically needed services to lowans. While we consider Mental Health Redesign, we feel it is essential to maintain these facilities at the capacity reflected in the budget recommendation.
- The Department's field operations staff directly supports delivery of human services to lowans. Caseloads for social workers and income maintenance workers have grown considerably in recent years. Providing essential funding for field operations is a critical component of equipping the Department to provide timely and accurate delivery of services to lowans.
- The Child Support Recovery Unit (CSRU) assists custodial parents in receiving court-ordered child support payments and assists in determining paternity in non-marital births. Recoveries also assist taxpayers through reimbursement of government costs for custodial parents who receive public assistance. The average state cost for a CSRU employee is \$23,585. On average, each employee recovers nearly \$593,000 in child support payments; approximately \$19,300 of these recoveries are applied to covering public assistance costs. Net, a CSRU employee costs the state an average of \$4,285 and provides critical assistance to custodial parents in the state of Iowa.

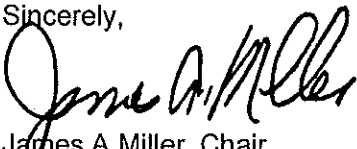
- Because salary adjustments are funded under an appropriation separate from the HHS appropriations, salary adjustments are not included in this budget request. However, the Council considers full funding of salary adjustments essential. As mentioned earlier, the Department has few options remaining to reduce support spending. Failure to fund salary adjustments could result in 311 fewer FTEs. This includes 175 facility FTEs, 94 field FTEs and 27 CSRU FTEs.

As you know, in Iowa, county government has planning and service funding responsibility and responsibility for delivery of services to persons with mental illness and intellectual disabilities. This system is funded with a combination of federal, state and county funding sources. Beginning in SFY 2009 and through SFY 2011, the Federal Medical Assistance Percentage (FMAP – federal match rate) was increased under the American Recovery and Reinvestment Act (ARRA). This increased the percentage of federal funding (relative to state dollars) for Medicaid covered services. Prior to ARRA, many counties were on the verge of implementing waiting lists. The increase in federal funding under ARRA allowed these counties greater leverage of state and county funding so they were able to continue to provide services without implementing waiting lists in most cases.


With the expiration of the enhanced FMAP, there is now significantly less total funding for the delivery of services. While the current SFY 2013 appropriation for Allowed Growth reflects an increase of \$10M over SFY 2012, this increase will fall significantly short of the impact created by the expiration of the enhanced FMAP. It is anticipated that the Iowa Mental Health and Developmental Disabilities Commission will review this issue during their November 2011 meeting. We recommend that the Commission consider the adverse and unintended consequences that could result from a reduction in the total funding available for delivery of services to persons with mental illness and intellectual disabilities and that the Commission consider requesting an increase in the state funding of Allowed Growth.

With you, we remain committed to the work of the Department and the critical roles it plays in making a difference in the lives of Iowans. The proposed budget requests adequate funding to continue those efforts. As always, if you have questions, members of the Council and Department staff are available to provide clarification and assist in deliberations.

Sincerely,



James A. Miller, Chair  
Council on Human Services



Dr. Mark R. Peltan, Vice-Chair  
Council on Human Services

cc: Council Members:

Pastor Mark A. Anderson  
Dr. Phyllis S. Hansell  
Roger L. Hartman  
Sally A. Stutsman  
Roberta A. Yoder

Ex-Officio Members:

State Senator Amanda Ragan  
State Senator Jack Whitver  
State Representative Lisa Heddens  
State Representative Renee Schulte

Enclosure: SFY 2013 DHS Budget Recommendation