



Department of
HUMAN SERVICES

***REPORT ON FINANCIAL CONDITION OF
THE MHDS REGIONAL INCENTIVE FUND***

JANUARY 2022

IOWA DEPARTMENT OF HUMAN SERVICES REPORT ON CONDITION OF THE REGIONAL INCENTIVE FUND

The purpose of this report is to satisfy the requirements found in Senate File 619, Sec. 83.

Sec. 83.8.i. (p. 40) – On or before March 1 and September 1 of each fiscal year, the department shall provide the governor's office and the general assembly with a report of the financial condition of the incentive fund. The report shall include but is not limited to an itemization of the funding source's balances, types and amount of revenues credited, and payees and payment amounts for the expenditures made from the funding source during the reporting period.

INCENTIVE FUND BALANCE

For the fiscal year beginning July 1, 2021, three million dollars were credited to the incentive fund from the general fund of the state. To ensure timely implementation of region incentive fund application, review, and approval deadlines the Department of Human Services (DHS) adopted administrative rules using the emergency rulemaking process. Rules were reviewed, noticed, and adopted according to sections 17A.4 and 17A.5. The emergency rules related to the incentive fund, 441—25.22, were included in Chapter 25, “Disability Services Management,” of Iowa Administrative Code and became effective on October 4, 2021. The published Regional Incentive Fund Application, DHS form # 470-5675, was distributed to regional administrators that same day.

To apply for incentive funds, MHDS Regions must meet the criteria outlined in Senate File 619, Sec. 83.8. c. limiting applications to MHDS Regions with an ending fund balance of less than 40% for fiscal year 2020 and a need to either fund a budget deficit and/or support individuals to remain in the community. Of the fourteen MHDS Regions, three met the fund balance threshold to apply for incentive funds. Those MHDS Regions were:

Region	Ending Fund Balance as a Percent of Expenditures
Eastern Iowa MHDS Region	25%
Heart of Iowa Region	36%
Polk MHDS Region	18%

Applications were due on November 15, 2021 and none of the qualifying regions applied to receive incentive funds. The Administrators for each of the eligible MHDS Regions looked at both current and projected fiscal needs. They determined that their available revenues for the current year would meet their need and would not create a deficit in the current year. It is important to note that, as with other service spaces Statewide, MHDS Regions noted that their expenditures looked very different due to the impact of the COVID-19 pandemic. With no expenditures to report, the balance in the incentive fund remains the same as the amount initially appropriated from the State General Fund, three million dollars.

INCENTIVE FUND REVENUES, PAYEES, AND EXPENDITURES

MHDS REGIONAL INCENTIVE FUND - fiscal year beginning July 1, 2021			
Dollars credited	Applications accepted	Dollars awarded	Balance
\$3,000,000.00	0	\$0	\$3,000,000.00

The funds remaining in the incentive fund at the end of each fiscal year do not revert to any other fund and remain available for use in subsequent fiscal years. Regional service payments withheld or overage payments made to DHS by an MHDS Region with a fund balance in excess of the limitations outlined in in Senate File 619, Sec. 83.7 will grow the incentive fund balance in FY2023, FY2024, and FY2025. DHS is not yet able to project the amount of growth that will be seen in the incentive fund in those fiscal years.

Regional FY2022 certified ending fund balances are due to DHS on December 1, 2022. Following the approval of the Regional Annual Service and Budget Plans on June 1, 2022 DHS will be able to provide additional information about any Region projecting a need for MHDS regional incentive funds.

DHS continues to work with MHDS Regional Administrators to gain improved insight into near and long term projections. The next report due to the governor's office and the general assembly on the condition of the incentive fund is due on or before September 1, 2022.