

**House File 548 - Introduced**

HOUSE FILE 548

BY FRY, CARLSON, and LUNDGREN

**A BILL FOR**

1 An Act relating to funding of county mental health and  
2 disability services by modifying provisions relating to  
3 the use of specified excess cash flow funds, and including  
4 effective date and retroactive applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.391, subsection 4, Code 2019, is  
2 amended to read as follows:

3 4. *a.* If a region is meeting the financial obligations  
4 for implementation of its regional service system management  
5 plan for a fiscal year and residual funding is anticipated,  
6 the regional administrator shall reserve an adequate amount of  
7 unobligated and unencumbered funds for cash flow of expenditure  
8 obligations in the next fiscal year.

9 ~~*b.* For fiscal years beginning July 1, 2017, July 1, 2018,~~  
10 ~~and July 1, 2019, that portion of each region's cash flow~~  
11 ~~amount either reserved in the combined account or reserved~~  
12 ~~among all separate county accounts under the control of the~~  
13 ~~governing board that exceeds twenty-five percent of the gross~~  
14 ~~expenditures from the combined account or from all separate~~  
15 ~~county accounts under control of the governing board in the~~  
16 ~~fiscal year preceding the fiscal year in progress shall be used~~  
17 ~~in whole or in part to fund the payment of services provided~~  
18 ~~under the regional service system management plan under section~~  
19 ~~331.393.~~

20 ~~*c.*~~ *b.* Each region shall certify to the department of  
21 management on or before December 1, 2020, and each December 1  
22 thereafter, the amount of the region's cash flow amount in the  
23 combined account that is attributable to each county within the  
24 region based upon each county's proportionate amount of funding  
25 and contributions to the region or other methodology specified  
26 in the regional governance agreement or certify the cash flow  
27 amount for each separate county account that is under the  
28 control of the governing board at the conclusion of the most  
29 recently completed fiscal year.

30 ~~*d.*~~ ~~(1)~~ *c.* For fiscal years beginning on or after July  
31 1, 2021, for each region having a population of one hundred  
32 thousand or over, the region's cash flow amount, either  
33 reserved in the region's combined account or reserved among all  
34 separate county accounts under the control of the governing  
35 board, shall not exceed twenty thirty percent of the gross

1 expenditures from the combined account or from all separate  
2 county accounts under control of the governing board for the  
3 fiscal year preceding the fiscal year in progress.

4 ~~(2) For fiscal years beginning on or after July 1, 2021,~~  
5 ~~for each region having a population of less than one hundred~~  
6 ~~thousand, the region's cash flow amount shall not exceed~~  
7 ~~twenty-five percent of the gross expenditures from the combined~~  
8 ~~account or from all separate county accounts under control of~~  
9 ~~the governing board for the fiscal year preceding the fiscal~~  
10 ~~year in progress.~~

11 Sec. 2. Section 331.424A, subsection 4, Code 2019, is  
12 amended to read as follows:

13 4. a. An amount of unobligated and unencumbered funds,  
14 as specified in the regional governance agreement entered  
15 into by the county under [section 331.392](#), shall be reserved  
16 in the county services fund to address cash flow obligations  
17 in the next fiscal year, subject to the limitations of this  
18 subsection.

19 ~~b. For fiscal years beginning July 1, 2017, July 1, 2018,~~  
20 ~~and July 1, 2019, that portion of each county's cash flow~~  
21 ~~amount reserved in the county services fund that exceeds an~~  
22 ~~amount equal to twenty-five percent of the gross expenditures~~  
23 ~~from the county services fund in the fiscal year preceding~~  
24 ~~the fiscal year in progress shall be used in whole or in part~~  
25 ~~to fund the county's financial obligations for the payment of~~  
26 ~~services provided under the regional service system management~~  
27 ~~plan under [section 331.393](#).~~

28 ~~c.~~ b. Each county shall, as part of the financial report  
29 required under [section 331.403](#), certify the county's cash flow  
30 amount in the county services fund at the conclusion of the  
31 most recently completed fiscal year.

32 ~~d.~~ c. For each fiscal year beginning on or after July 1,  
33 2021, of a county's cash flow amount maintained in the county  
34 services fund or of the region's cash flow amount attributable  
35 to the county under [section 331.391, subsection 4](#), paragraph

1 ~~"e" "b"~~, an amount equal to the county's cash flow reduction  
2 amount shall be used to fund the county's financial obligations  
3 for the payment of services provided under the regional service  
4 system management plan under [section 331.393](#).

5 ~~e. d. (1)~~ For each fiscal year beginning on or after July  
6 1, 2021, each county's cash flow reduction amount shall be  
7 ~~determined as follows and shall result in a reduction of the~~  
8 ~~county budgeted amount determined pursuant to [subsection 9](#):~~

9 ~~(1)~~ ~~For each county located in a region having a population~~  
10 ~~of one hundred thousand or over, the county's cash flow~~  
11 ~~reduction amount equals equal to the sum of the county's cash~~  
12 ~~flow amount in the county services fund plus the most recent~~  
13 ~~amount certified by the region for the county under section~~  
14 ~~331.391, subsection 4, paragraph "e" "b", minus twenty thirty~~  
15 ~~percent of the gross expenditures from the county services~~  
16 ~~fund in the fiscal year preceding the fiscal year in progress.~~  
17 ~~However, the cash flow reduction amount shall not be less than~~  
18 ~~zero and shall not exceed the county budgeted amount determined~~  
19 ~~under [subsection 9](#) prior to any reduction resulting from the~~  
20 ~~cash flow reduction amount.~~

21 ~~(2)~~ ~~For each county located in a region having a population~~  
22 ~~of less than one hundred thousand, the county's cash flow~~  
23 ~~reduction amount equals the sum of the county's cash flow~~  
24 ~~amount in the county services fund plus the most recent amount~~  
25 ~~certified by the region for the county under section 331.391,~~  
26 ~~subsection 4, paragraph "c", minus twenty-five percent of the~~  
27 ~~gross expenditures budgeted from the county services fund for~~  
28 ~~the fiscal year in progress. However, the cash flow reduction~~  
29 ~~amount shall not be less than zero and shall not exceed the~~  
30 ~~county budgeted amount determined under [subsection 9](#) prior to~~  
31 ~~any reduction resulting from the cash flow reduction amount.~~  
32 For the applicable fiscal years, each county's cash flow  
33 reduction amount calculated pursuant to this paragraph shall  
34 result in a reduction of the county budgeted amount determined  
35 pursuant to subsection 9.

1     Sec. 3. COUNTY BUDGET AMENDMENT AND RECERTIFICATION.

2     1. To the extent necessary to implement the provisions  
3 of this Act, a county may amend that portion of the county's  
4 budget related to cash flow amounts in the county mental health  
5 and disability services fund for the fiscal year beginning July  
6 1, 2018.

7     2. If this Act takes effect on or after March 15, 2019,  
8 notwithstanding section 24.17, for the fiscal year beginning  
9 July 1, 2019, a county may recertify the county's budget as  
10 necessary to implement the provisions of this Act. A budget  
11 recertified pursuant to this section must be recertified  
12 in duplicate to the county auditor not later than thirty  
13 days after the effective date of this Act, and protests to  
14 the budget shall be filed not later than ten days after the  
15 county's budget is recertified.

16     Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate  
17 importance, takes effect upon enactment.

18     Sec. 5. RETROACTIVE APPLICABILITY. This Act applies  
19 retroactively to July 1, 2018, for fiscal years beginning on  
20 or after that date.

21

EXPLANATION

22             The inclusion of this explanation does not constitute agreement with  
23             the explanation's substance by the members of the general assembly.

24     Current Code section 331.391(4) provides that if a region  
25 is meeting the financial obligations for implementation of  
26 its regional service system management plan for a fiscal  
27 year and residual funding is anticipated, the regional  
28 administrator shall reserve an adequate amount of unobligated  
29 and unencumbered funds for cash flow of expenditure obligations  
30 in the next fiscal year. Additionally, for fiscal years  
31 beginning July 1, 2017, July 1, 2018, and July 1, 2019, that  
32 portion of each mental health region's cash flow amount that  
33 exceeds 25 percent of the gross expenditures from the combined  
34 account or from all separate county accounts in the fiscal year  
35 preceding the fiscal year in progress shall be used in whole

1 or in part to fund the payment of services provided under the  
2 regional service system management plan. This bill strikes the  
3 requirement that those excess amounts be used in that manner  
4 for those fiscal years.

5 Under current law, for fiscal years beginning on or after  
6 July 1, 2021, based on certain population thresholds, each  
7 region's cash flow amount is limited to 20 or 25 percent of  
8 the gross expenditures from the combined account or from all  
9 separate county accounts under control of the governing board  
10 for the fiscal year preceding the fiscal year in progress. The  
11 bill removes all population thresholds and limits each region's  
12 cash flow amount to 30 percent.

13 The bill makes similar changes to provisions governing the  
14 cash flow amounts held and used by individual counties within  
15 each region. The bill also modifies the calculation of each  
16 county's cash flow reduction amount under Code section 331.424A  
17 for fiscal years beginning on or after July 1, 2021. An amount  
18 equal to the county's cash flow reduction amount is required  
19 to be used to fund the county's financial obligations for  
20 the payment of services provided under the regional service  
21 system management plan. Under the bill, the county cash flow  
22 reduction amount equals the sum of the county's cash flow  
23 amount in the county services fund plus the most recent amount  
24 certified by the region for the county, minus 30 percent of the  
25 gross expenditures from the county services fund in the fiscal  
26 year preceding the fiscal year in progress.

27 The bill provides that to the extent necessary to implement  
28 the provisions of the bill, a county may amend that portion of  
29 the county's budget related to cash flow amounts in the county  
30 mental health and disability services fund for the fiscal year  
31 beginning July 1, 2018. The bill also provides that if the  
32 bill takes effect on or after March 15, 2019, notwithstanding  
33 Code section 24.17, for the fiscal year beginning July 1, 2019,  
34 a county may recertify the county's budget as necessary to  
35 implement the provisions of the bill.

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1 The bill takes effect upon enactment and applies  
2 retroactively to July 1, 2018, for fiscal years beginning on  
3 or after that date.