

House File 691 - Introduced

HOUSE FILE 691
BY COMMITTEE ON HUMAN
RESOURCES

(SUCCESSOR TO HF 548)

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~~ 2022, and each
22 December 1 thereafter, the amount of the region's cash flow
23 amount in the combined account that is attributable to each
24 county within the region based upon each county's proportionate
25 amount of funding and contributions to the region or other
26 methodology specified in the regional governance agreement
27 or certify the cash flow amount for each separate county
28 account that is under the control of the governing board at the
29 conclusion of the most recently completed fiscal year.

30 ~~*d.*~~ ~~(1)~~ *c.* For fiscal years beginning on or after July
31 1, ~~2021~~ 2023, ~~for each region having a population of one~~
32 ~~hundred 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 forty 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 1, paragraph b, Code
12 2019, is amended to read as follows:

13 *b.* "Cash flow reduction amount" means the amount calculated
14 under [subsection 4](#) and used to reduce a county budgeted amount
15 under [subsection 9](#) for fiscal years beginning on or after July
16 1, ~~2021~~ 2023.

17 Sec. 3. Section 331.424A, subsection 4, Code 2019, is
18 amended to read as follows:

19 4. *a.* An amount of unobligated and unencumbered funds,
20 as specified in the regional governance agreement entered
21 into by the county under [section 331.392](#), shall be reserved
22 in the county services fund to address cash flow obligations
23 in the next fiscal year, subject to the limitations of this
24 subsection.

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

34 *c.* ~~*b.*~~ Each county shall, as part of the financial report
35 required under [section 331.403](#), certify the county's cash flow

1 amount in the county services fund at the conclusion of the
2 most recently completed fiscal year.

3 ~~d.~~ c. For each fiscal year beginning on or after July
4 1, ~~2021~~ 2023, of a county's cash flow amount maintained in
5 the county services fund or of the region's cash flow amount
6 attributable to the county under section 331.391, subsection
7 4, paragraph ~~"e"~~ "b", an amount equal to the county's cash flow
8 reduction amount shall be used to fund the county's financial
9 obligations for the payment of services provided under the
10 regional service system management plan under [section 331.393](#).

11 ~~e.~~ d. (1) For each fiscal year beginning on or after July
12 1, ~~2021~~ 2023, each county's cash flow reduction amount shall be
13 ~~determined as follows and shall result in a reduction of the~~
14 ~~county budgeted amount determined pursuant to [subsection 9](#):~~

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

27 ~~(2) For each county located in a region having a population~~
28 ~~of less than one hundred thousand, the county's cash flow~~
29 ~~reduction amount equals the sum of the county's cash flow~~
30 ~~amount in the county services fund plus the most recent amount~~
31 ~~certified by the region for the county under section 331.391,~~
32 ~~subsection 4, paragraph ~~"e"~~, minus twenty-five percent of the~~
33 ~~gross expenditures budgeted from the county services fund for~~
34 ~~the fiscal year in progress. However, the cash flow reduction~~
35 ~~amount shall not be less than zero and shall not exceed the~~

1 ~~county budgeted amount determined under subsection 9~~ prior to
2 ~~any reduction resulting from the cash flow reduction amount.~~
3 For the applicable fiscal years, each county's cash flow
4 reduction amount calculated pursuant to this paragraph shall
5 result in a reduction of the county budgeted amount determined
6 pursuant to subsection 9.

7 Sec. 4. Section 331.424A, subsection 9, Code 2019, is
8 amended to read as follows:

9 9. a. For the fiscal year beginning July 1, 2017, and each
10 subsequent fiscal year, the county budgeted amount determined
11 for each county shall be the amount necessary to meet the
12 county's financial obligations for the payment of services
13 provided under the regional service system management plan
14 approved pursuant to section 331.393, not to exceed an amount
15 equal to the product of the regional per capita expenditure
16 target amount multiplied by the county's population, and, for
17 fiscal years beginning on or after July 1, ~~2021~~ 2023, reduced
18 by the amount of the county's cash flow reduction amount for
19 the fiscal year calculated under subsection 4, if applicable.

20 b. If a county officially joins a different region, the
21 county's budgeted amount shall be the amount necessary to meet
22 the county's financial obligations for payment of services
23 provided under the new region's regional service system
24 management plan approved pursuant to section 331.393, not to
25 exceed an amount equal to the product of the new region's
26 regional per capita expenditure target amount multiplied by
27 the county's population, and, for fiscal years beginning on or
28 after July 1, ~~2021~~ 2023, reduced by the amount of the county's
29 cash flow reduction amount for the fiscal year calculated under
30 subsection 4, if applicable.

31 Sec. 5. COUNTY BUDGET AMENDMENT AND RECERTIFICATION —
32 REGIONAL SERVICE SYSTEM MANAGEMENT PLAN AMENDMENT.

33 1. To the extent necessary to implement the provisions
34 of this Act, a county may amend that portion of the county's
35 budget related to cash flow amounts in the county mental health

1 and disability services fund for the fiscal year beginning July
2 1, 2018.

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

12 3. To the extent necessary to implement the provisions
13 of this division of this Act, a mental health and disability
14 services region may amend the region's regional service system
15 management plan or annual service and budget plan approved
16 under section 331.393 for the fiscal year beginning July 1,
17 2018, or for the fiscal year beginning July 1, 2019.

18 Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate
19 importance, takes effect upon enactment.

20 Sec. 7. RETROACTIVE APPLICABILITY. This Act applies
21 retroactively to July 1, 2018, for fiscal years beginning on
22 or after that date.

23 EXPLANATION

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

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

1 account or from all separate county accounts in the fiscal year
2 preceding the fiscal year in progress shall be used in whole
3 or in part to fund the payment of services provided under the
4 regional service system management plan. This bill strikes the
5 requirement that those excess amounts be used in that manner
6 for those fiscal years.

7 Under current law, for fiscal years beginning on or after
8 July 1, 2021, based on certain population thresholds, each
9 region's cash flow amount is limited to 20 or 25 percent of
10 the gross expenditures from the combined account or from all
11 separate county accounts under control of the governing board
12 for the fiscal year preceding the fiscal year in progress. The
13 bill removes all population thresholds, delays implementation
14 of the limitation until the fiscal year beginning July 1, 2023,
15 and limits each region's cash flow limitation percentage to 40
16 percent.

17 The bill makes similar changes to provisions governing the
18 cash flow amounts held and used by individual counties within
19 each region. The bill also modifies the calculation of each
20 county's cash flow reduction amount under Code section 331.424A
21 for fiscal years beginning on or after July 1, 2023. An amount
22 equal to the county's cash flow reduction amount is required
23 to be used to fund the county's financial obligations for
24 the payment of services provided under the regional service
25 system management plan. Under the bill, the county cash flow
26 reduction amount equals the sum of the county's cash flow
27 amount in the county services fund plus the most recent amount
28 certified by the region for the county, minus 40 percent of the
29 gross expenditures from the county services fund in the fiscal
30 year preceding the fiscal year in progress.

31 The bill provides that to the extent necessary to implement
32 the provisions of the bill, a county may amend that portion of
33 the county's budget related to cash flow amounts in the county
34 mental health and disability services fund for the fiscal year
35 beginning July 1, 2018. The bill also provides that if the

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1 bill takes effect on or after March 15, 2019, notwithstanding
2 Code section 24.17, for the fiscal year beginning July 1, 2019,
3 a county may recertify the county's budget as necessary to
4 implement the provisions of the bill. Similarly, to the extent
5 necessary to implement the provisions of the bill, a mental
6 health and disability services region may amend the region's
7 regional service system management plan or annual service and
8 budget plan for the fiscal year beginning July 1, 2018, or for
9 the fiscal year beginning July 1, 2019.

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