

# **Tax Changes and Supplemental Appropriations Bill Senate File 209**

*As amended by S-3041 (House Amendment)*

Last Action:

**House Floor**

March 1, 2011

*Title as amended by S-3041:*

**An Act relating to public funding and regulatory matters by making appropriations, providing for updated Code references to the Internal Revenue Code and including effective date and retroactive applicability provisions.**

**Fiscal Services Division  
Legislative Services Agency**

## **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www.legis.iowa.gov/LSAReports/noba.aspx>

LSA Contacts: Beth Lenstra (515-281-6301) Robin Madison (515-281-5270) Jeff Robinson (515-281-4614)

**FUNDING SUMMARY**

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- **NOTE:** *The page and line numbers in this document refer to S-3041, the House amendment.*

Page 1, Line 1

The NOBA for SF 209 as passed by the Senate (pink copy) is available at:

<http://www.legis.iowa.gov/DOCS/NOBA/SF%20209%20%20Senate%20Action%20%20NOBA.pdf>.

**TOTAL FUNDING:** Senate File 209, as approved by the Senate, provides a total of \$45.8 million of FY 2011 General Fund supplemental appropriations to the Departments of Administrative Services, Education, Public Health, Human Services, Corrections, Inspections and Appeals, and Public Safety. Senate File 209 as amended by S-3041 provides total FY 2011 General Fund supplemental appropriations of \$70.8 million.

The House amendment (S-3041) makes the following funding changes to SF 209:

>>Makes a deappropriation of \$3.1 million from the FY 2011 Environment First Fund appropriation to the Department of Natural Resources for land acquisition.

>>Adds a \$25.0 million General Fund supplemental appropriation for FY 2011 to the Department of Human Services to be credited to the Risk Pool of the Mental Health Property Tax Relief Fund.

**OTHER CHANGES:** The House amendment has the following fiscal changes related to tax changes:

>>Conforms Iowa tax law to federal depreciation allowances for tax year 2010. The Bill as passed by the Senate conforms Iowa tax law to federal law starting tax year 2011. The amendment includes tax year 2010 in the conformity. This portion of the amendment is projected to reduce net General Fund revenue by the following amounts: \$55.8 million for FY 2011 and \$42.0 million for FY 2012. In future fiscal years the impact on net General Fund receipts is positive as depreciation claimed earlier in the life of depreciable assets is not available as a business deduction in later years.

>>Strikes language from the Bill that increases the State Earned Income Tax Credit (EITC) from 7.0% of the federal credit amount to 10.0% of the federal amount. This action reduces the negative fiscal impact of SF 209 as passed the Senate by the following amounts: \$0.1 million for FY 2011; \$14.7 million for FY 2012; \$13.7 million for FY 2013; and \$11.5 million for FY 2014.

S3041 House Amendment to  
 1 1 Amend Senate File 209, as amended, passed, and  
 1 2 reprinted by the Senate, as follows:  
 1 3 1Page 7, by striking lines 28 through 31 and  
 1 4 inserting section 103, and Pub.L. No.111-5, section  
 1 5 1201, does not apply in computing net income for state  
 1 6 tax purposes. If the  
 1 7 2Page 8, line 17, by striking 2011 and  
 1 8 inserting 2010  
 1 9 3Page 9, by striking lines 16 through 19 and  
 1 10 inserting section 103, and Pub.L. No.111-5, section  
 1 11 1201, does not apply in computing net income for state  
 1 12 tax purposes. If the  
 1 13 4Page 10, line 5, by striking 2011 and  
 1 14 inserting 2010  
 1 15 5Page 11, by striking lines 12 through 23.  
 1 16 6Page 21, after line 23 by inserting:

1 17 DIVISION \_\_\_\_  
 1 18 TAX RELIEF FUND

1 19 Section \_\_\_\_\_. Section 8.55, subsection 2, Code 2011, is  
 1 20 amended to read as follows:  
 1 21 2. a. The maximum balance of the fund is the  
 1 22 amount equal to two and one-half percent of the  
 1 23 adjusted revenue estimate for the fiscal year. If the  
 1 24 amount of moneys in the Iowa economic emergency fund is  
 1 25 equal to the maximum balance, moneys in excess of this  
 1 26 amount shall be transferred to the ~~general~~ tax relief  
 1 27 fund.  
 1 28 b. Notwithstanding paragraph “a”, any moneys  
 1 29 in excess of the maximum balance in the economic  
 1 30 emergency fund after the distribution of the surplus  
 1 31 in the general fund of the state at the conclusion  
 1 32 of each fiscal year shall not be transferred to the  
 1 33 ~~general tax relief fund of the state~~ but shall be  
 1 34 transferred to the senior living trust fund. The  
 1 35 total amount appropriated, reverted, or transferred,  
 1 36 in the aggregate, under this paragraph, section  
 1 37 8.57, subsection 2, and any other law providing  
 1 38 for an appropriation or reversion or transfer of an  
 1 39 appropriation to the credit of the senior living trust

This portion of the amendment makes changes to SF 209 related to tax changes.  
 These changes include:  
 Depreciation: The amendment makes depreciation changes in SF 209 effective for tax year 2010 rather than tax year 2011.  
 Earned Income Tax Credit (EITC): The amendment strikes language in SF 209 that increases the State EITC from 7.0% of the federal credit to 10.0%.  
 The fiscal impact of these changes is described in the Executive Summary.

CODE: Changes the destination of excess funds after the Economic Emergency Fund reaches 2.5% of the adjusted revenue estimate. Current law transfers any excess funds to the General Fund for appropriation in the next fiscal year. This change would deposit any excess to a newly created Tax Relief Fund.

DETAIL: Based on the December 6, 2010, Revenue Estimating Conference (REC) projection for FY 2011, as of January 6, 2011, \$327.4 million will be available for General Fund appropriation in FY 2012 once the Economic Emergency reaches its statutory limit. This dollar amount is subject to change as the fiscal year progresses and the actual number will not be available until FY 2011 is complete.

1 40 fund, for all fiscal years beginning on or after July  
 1 41 1, 2004, shall not exceed the amount specified in  
 1 42 section 8.57, subsection 2, paragraph "c".

1 43 Sec. \_\_\_\_\_. NEW SECTION 8.57E Tax relief fund.  
 1 44 1. The tax relief fund is created. The fund shall  
 1 45 be separate from the general fund of the state and  
 1 46 the balance in the fund shall not be considered part  
 1 47 of the balance of the general fund of the state. The  
 1 48 moneys credited to the fund are not subject to section  
 1 49 8.33 and shall not be transferred, used, obligated,  
 1 50 appropriated, or otherwise encumbered except as  
 2 1 provided in this section.  
 2 2 2. Moneys in the tax relief fund shall only be  
 2 3 used as pursuant to appropriations made by the general  
 2 4 assembly to reduce taxes.  
 2 5 3. a. Moneys in the fund may be used for cash flow  
 2 6 purposes during a fiscal year provided that any moneys  
 2 7 so allocated are returned to the fund by the end of  
 2 8 that fiscal year.  
 2 9 b. Except as provided in section 8.58, the tax  
 2 10 relief fund shall be considered a special account for  
 2 11 the purposes of section 8.53 in determining the cash  
 2 12 position of the general fund of the state for the  
 2 13 payment of state obligations.  
 2 14 4. Notwithstanding section 12C.7, subsection 2,  
 2 15 interest or earnings on moneys deposited in the tax  
 2 16 relief fund shall be credited to the fund.

2 17 Sec. \_\_\_\_\_. Section 8.58, Code 2011, is amended to  
 2 18 read as follows:  
 2 19 8.58 Exemption from automatic application.  
 2 20 1. To the extent that moneys appropriated under  
 2 21 section 8.57 do not result in moneys being credited  
 2 22 to the general fund under section 8.55, subsection  
 2 23 2, moneys appropriated under section 8.57 and moneys  
 2 24 contained in the cash reserve fund, rebuild Iowa  
 2 25 infrastructure fund, environment first fund, ~~and~~ Iowa  
 2 26 economic emergency fund, and tax relief fund shall not  
 2 27 be considered in the application of any formula, index,  
 2 28 or other statutory triggering mechanism which would  
 2 29 affect appropriations, payments, or taxation rates,  
 2 30 contrary provisions of the Code notwithstanding.

CODE: Creates a new Tax Relief Fund separate from the State General Fund. Requires money in the Fund to be used pursuant to General Assembly tax reduction appropriations. The Fund is not subject to reversion and the Fund retains interest on the balance.

CODE: Exempts monies in the Tax Relief Fund from automatic formula, index, or trigger mechanism application. Prohibits monies in the Fund from being considered by a collective bargaining arbitrator.

2 31 2. To the extent that moneys appropriated under  
 2 32 section 8.57 do not result in moneys being credited  
 2 33 to the general fund under section 8.55, subsection  
 2 34 2, moneys appropriated under section 8.57 and moneys  
 2 35 contained in the cash reserve fund, rebuild Iowa  
 2 36 infrastructure fund, environment first fund, ~~and~~ Iowa  
 2 37 economic emergency fund, and tax relief fund shall not  
 2 38 be considered by an arbitrator or in negotiations under  
 2 39 chapter 20.

2 40 Sec. \_\_\_\_ TAX RELIEF FUND — LEGISLATIVE  
 2 41 INTENT. It is the intent of the general assembly to  
 2 42 enact appropriations from the tax relief fund created  
 2 43 by this division of this Act pursuant to tax relief  
 2 44 legislation which shall be proposed by the standing  
 2 45 committees on ways and means of the senate and house  
 2 46 of representatives.

Indicates the intent of the General Assembly to enact appropriations from the Tax Relief Fund for tax relief purposes.

2 47 Sec. \_\_\_\_ EFFECTIVE DATE AND APPLICABILITY.  
 2 48 1. This division of this Act, being deemed of  
 2 49 immediate importance, takes effect upon enactment.  
 2 50 2. The amendment in this division to section  
 3 1 8.55, providing for transfer of moneys from the Iowa  
 3 2 economic emergency fund to the tax relief fund instead  
 3 3 of the general fund of the state applies to transfers  
 3 4 made from the Iowa economic emergency fund after  
 3 5 the effective date of this division and the state  
 3 6 general fund expenditure limitation calculated for the  
 3 7 fiscal year beginning July 1, 2011, shall be adjusted  
 3 8 accordingly.

This Division is effective on enactment. The changes will first apply to the calculation of the State expenditure limitation for FY 2012.

DETAIL: Under current law, any money in excess of the amount needed to fully fund the Economic Emergency Fund is available for General Fund appropriation in the following fiscal year.

3 9 DIVISION \_\_\_\_  
 3 10 STATE EMPLOYEES — REVENUE ESTIMATE

3 11 Sec. \_\_\_\_ GROUP HEALTH INSURANCE PREMIUM COSTS FOR  
 3 12 STATE EMPLOYEES.  
 3 13 1. The state's executive and judicial branch  
 3 14 authorities responsible for negotiating the collective  
 3 15 bargaining agreements entered into under chapter 20  
 3 16 shall engage in discussions with the applicable state  
 3 17 employee organizations to renegotiate provisions  
 3 18 involving health insurance coverage of state employees  
 3 19 and their families in order to achieve cost savings

Requires the Executive and Judicial Branches to engage State employee organizations in discussions to renegotiate current bargained contracts to achieve cost savings for the State related to health insurance coverage for State employees. The discussions are required to include a proposal that each State employee contribute at least an additional \$100 per month for State provided health coverage. If collective bargaining contracts are renegotiated to provide cost savings for contract covered employees the provisions are required to be applied to noncontract covered employees.

3 20 for the state. The discussions shall include but are  
3 21 not limited to a requirement for a state employee who  
3 22 is covered by a collective bargaining agreement and  
3 23 is a member of state group health insurance plan for  
3 24 employees of the state established under chapter 509A  
3 25 to pay at least one hundred dollars per month of the  
3 26 total premium for such health plan coverage for single  
3 27 persons or increase the amount paid per month for  
3 28 family coverage by the same amount that would be paid  
3 29 for the single persons coverage.  
3 30 2. If collective bargaining agreements are  
3 31 renegotiated to achieve cost savings pursuant to  
3 32 subsection 1, the cost savings provisions shall  
3 33 also apply to state employees who are not covered by  
3 34 collective bargaining as provided in chapter 20 and  
3 35 are members of a state group health insurance plan for  
3 36 employees of the state established under chapter 509A.  
3 37 3. Beginning on the effective date of this section  
3 38 or March 1, 2011, whichever is earlier, a state  
3 39 legislator or legislative staff member who is a member  
3 40 of a state group health insurance plan for employees  
3 41 of the state established under chapter 509A shall pay  
3 42 at least one hundred dollars per month of the total  
3 43 premium for such health care coverage for single  
3 44 persons or increase the amount paid per month for  
3 45 family coverage by the same amount that would be paid  
3 46 for the single persons coverage. The payment amount  
3 47 shall be determined by the legislative council, subject  
3 48 to the minimum amount specified in this subsection.

Requires the Legislative Council to determine the additional amount (minimum \$100 per month per employee) to be paid by employees of the Legislative Branch for health insurance coverage. The additional payments are to begin on March 1, 2011, or the effective date of this legislation, whichever is sooner.

DETAIL: This change will reduce expenditures from the General Fund by approximately \$116,400 during FY 2011 due to the increased payment by Legislative Branch employees. Should all collective bargaining agreements be negotiated or renegotiated and effective July 1, 2011, without any required increase to State costs, expenditures from the General Fund will be reduced by an estimated \$23.6 million and expenditures from other funds will be reduced by an estimated \$40.1 million annually, beginning with FY 2012. Should no agreement be reached on renegotiating contracts, expenditures from the General Fund will be decreased by an estimated \$349,200 annually beginning with FY 2012 due to the additional payments by Legislators and legislative staff.

The estimates for employees covered by collective bargaining agreements are based on calendar year 2011 data provided by the Department of Administrative Services (DAS) and calendar year 2010 for the Board of Regents. The estimates are based on the number of health contracts, with each contract requiring an employee payment of an additional \$100 per month compared to the current amount paid.

The estimated savings will be less if the change is found to be a significant change to the health plans. If the change is found to be a significant change, the health plans grandfather status under the federal Healthcare Reform Act will be lost and the plans will be required to provide enhanced benefits that will increase the cost of the plans. The increased costs will reduce the above estimated savings annually, if all employees are included by \$3.8 million (\$19.8 million net savings) for the General Fund and \$6.4 million for other funds (\$33.7 million net savings). Should no agreement be reached on renegotiating contracts, expenditures savings from the General Fund will be decreased by an estimated \$19,000 for FY 2011 (\$97,400 net savings), and annually by \$55,900 (\$293,300 net savings), due to the loss of the grandfather status for Legislators and legislative staff. This may also require the DAS to make arrangements for the establishment of a new plan specific for the Legislature and legislative staff. New rates may need to be negotiated.

<p>3 49 Sec. ____ REVENUE ESTIMATING CONFERENCE  3 50 MEETING. Upon the request of the speaker of the  4 1 house of representatives or the majority leader of the  4 2 senate, the revenue estimating conference shall meet on  4 3 a date in February or March 2011, as specified in the  4 4 request. At this meeting, in addition to the estimates  4 5 normally agreed to at the meetings of the conference,  4 6 the conference shall also agree on estimates for fiscal  4 7 year 2012-2013.</p> <p>4 8 Sec. ____ NEW SECTION 8A.440 Group health  4 9 insurance premium costs.  4 10 1. Collective bargaining agreements entered into  4 11 pursuant to chapter 20 for state employees shall  4 12 provide that a state employee covered by that agreement  4 13 who is a member of a state group health insurance plan  4 14 for employees of the state established under chapter  4 15 509A shall pay at least one hundred dollars per month  4 16 of the total premium for such insurance for single  4 17 persons or increase the amount paid per month for  4 18 family coverage by the same amount that would be paid  4 19 for the single persons coverage.  4 20 2. A state employee not covered by a collective  4 21 bargaining agreement as provided in chapter 20 who  4 22 is a member of a state group health insurance plan  4 23 for employees of the state established under chapter  4 24 509A shall pay the same amount per month of the  4 25 total premium for such insurance as is paid under  4 26 the collective bargaining agreement that covers  4 27 the greatest number of state employees in the state  4 28 government entity employing the state employee.</p> <p>4 29 Sec. ____ APPLICABILITY. The provision of this  4 30 division of this Act enacting section 8A.440, applies  4 31 to collective bargaining agreements entered into on or  4 32 after the effective date of this division of this Act.</p> <p>4 33 Sec. ____ EFFECTIVE UPON ENACTMENT. This division  4 34 of this Act, being deemed of immediate importance,</p>	<p>If the grandfather status is lost, it is most likely that this would trigger an open enrollment period, to be administered by the DAS, and employees would be allowed to switch the plan they are enrolled in.</p> <p>Requires the REC to meet in February or March 2011, if requested by the Speaker of the House or the Majority Leader of the Senate. Further requires the REC to provide a revenue estimate for FY 2013, as well as an estimate for FY 2012, if a meeting is requested.</p> <p>DETAIL: Iowa Code Section 8.22A currently requires that the REC "shall meet as often as deemed necessary, but shall meet at least quarterly." The REC is currently required to provide a revenue estimate for only the fiscal year beginning the following July 1 (FY 2012).</p> <p>CODE: Requires collective bargaining agreements to contain a provision that requires each State employee to contribute at least an additional \$100 per month for State provided health coverage. This new Code Section also requires noncontract employees to pay the same amount as paid by the employees covered by the agreement pertaining to the greatest number of State employees.</p> <p>Specifies that language codifying State employee contributions for health insurance is effective on enactment.</p> <p>This Division is effective on enactment.</p>
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4 35 takes effect upon enactment.

4 36 DIVISION \_\_\_\_

4 37 NATURAL RESOURCES

4 38 Sec. \_\_\_\_ DEPARTMENT OF NATURAL RESOURCES — REAL  
4 39 PROPERTY ACQUISITION CURTAILED.

4 40 1. Notwithstanding any provision to the contrary,  
4 41 for the period beginning on the effective date of this  
4 42 section through the close of the fiscal year ending  
4 43 on June 30, 2011, the department of natural resources  
4 44 shall not enter into a new arrangement to acquire or  
4 45 otherwise control real property.

4 46 2. For the purposes of this section, "new  
4 47 arrangement" means an obligation entered into on  
4 48 or after the effective date of this section. An  
4 49 obligation includes but is not limited to an agreement,  
4 50 contract, lease-purchase arrangement, or any other  
5 1 instrument leading to state ownership or control  
5 2 of real property that was not previously owned or  
5 3 controlled by the state. "New arrangement" does  
5 4 not include a real property acquisition or control  
5 5 project for which an appropriation to the department  
5 6 was encumbered prior to the effective date of this  
5 7 section. "New arrangement" does not include a donated  
5 8 real property acquisition or control project received  
5 9 or entered into on or after the effective date of this  
5 10 section.

5 11 3. This section, being deemed of immediate  
5 12 importance, takes effect upon enactment.

5 13 Sec. \_\_\_\_ 2010 Iowa Acts, chapter 1191, section 20,  
5 14 is amended to read as follows:

5 15 SEC. 13.IOWA RESOURCES ENHANCEMENT AND PROTECTION

5 16 FUND. Notwithstanding the amount of the standing  
5 17 appropriation from the general fund of the state to  
5 18 the Iowa resources enhancement and protection fund as  
5 19 provided in section 455A.18, there is appropriated from  
5 20 the environment first fund created in section 8.57A to  
5 21 the Iowa resources enhancement and protection fund,  
5 22 in lieu of the appropriation made in section 455A.18,  
5 23 for the fiscal year beginning July 1, 2010, and ending  
5 24 June 30, 2011, the following amount, to be allocated as

Prohibits the Department of Natural Resources (DNR) from entering a new arrangement to acquire or otherwise control real property. This provision is effective on enactment and applies through June 30, 2011. This Section includes language regarding timeframes and definitions as used in this Section.

CODE: Deappropriates \$3,068,811 from the FY 2011 Environment First Fund appropriation to the DNR for the purchase of additional land.

DETAIL: The reduction equals the unobligated balance for land acquisition as of December 15, 2010. The DNR uses funding from the Resource Enhancement and Protection (REAP) Fund to purchase land. The REAP Fund receives funding from the Environment First Fund (not General Fund money) and the amount allocated for land acquisition is based on the REAP formula. Future year savings would depend on the amount of funding to REAP. For example, if the REAP Fund receives funding of \$11.0 million, the funding allocation for land acquisitions would be \$3.0 million; at \$13.0 million, the funding allocation for land acquisitions would be \$3.5 million; and



5	25	provided in section 455A.19:	at \$15.0 million, the funding allocation for land acquisitions would be \$4.0 million.
5	26	..... \$ <del>15,000,000</del>	
5	27	..... \$ <u>11,931,189</u>	

5	28	Sec. ____ EFFECTIVE UPON ENACTMENT. This division	This Division is effective on enactment.
5	29	of this Act, being deemed of immediate importance,	
5	30	takes effect upon enactment.	

5 31 DIVISION \_\_\_\_  
 5 32 county mental health  
 5 33 and disability services

5	34	Sec. ____ COUNTY WAITING LISTS.	Provides a General Fund supplemental appropriation of \$25,000,000 for FY 2011 to the Risk Pool of the Mental Health Property Tax Relief Fund in the Department of Human Services.
5	35	1. There is appropriated from the general fund of	
5	36	the state to the department of human services for the	
5	37	fiscal year beginning July 1, 2010, and ending June 30,	
5	38	2011, the following amount, or so much thereof as is	
5	39	necessary, to be used for the purposes designated:	

5	40	To be credited to the risk pool in the property tax	DETAIL: The funds in this Section, distributed by the Risk Pool Board, are to be used to provide services and support for people eligible for mental health services under the county management plan but are on a waiting list due to insufficient funding through June 30, 2012. Of the funds appropriated, up to \$5.0 million is to be used to expand the number of Medicaid waiver slots for the Intellectual Disabilities Waiver. Funding in this Section is to be managed by the Risk Pool so that no person removed from a waiting list is returned to a waiting list. The funding is to supplement appropriations until a new system can be designed and implemented beginning July 1, 2012.
5	41	relief fund created in chapter 426B and expended as	
5	42	provided in this section:	

5	43	..... \$ 25,000,000	
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5 44 2. The amount appropriated in this section is  
 5 45 appropriated from the risk pool to the department  
 5 46 of human services for distribution as provided in  
 5 47 this section. Notwithstanding section 8.33, moneys  
 5 48 appropriated in this section that remain unencumbered  
 5 49 or unobligated at the close of the fiscal year shall  
 5 50 not revert but shall remain available for expenditure  
 6 1 for the purposes designated until the close of the  
 6 2 succeeding fiscal year.

6 3 3. a. For the purposes of this section, "services  
 6 4 fund" means a county's mental health, mental  
 6 5 retardation, and developmental disabilities services  
 6 6 fund created in section 331.424A.

6 7 b. The risk pool board shall implement a process  
 6 8 for distribution of the amount appropriated in this  
 6 9 section to counties to be used to provide eligibility  
 6 10 for services and other support payable from the  
 6 11 counties' services funds for persons who are eligible  
 6 12 under county management plans in effect as of December  
 6 13 31, 2010, but due to insufficient funding are on a  
 6 14 waiting list for the services and other support. The

6 15 period addressed by the funding appropriated in this  
 6 16 section begins on or after the effective date of  
 6 17 this section and ends June 30, 2012. Of the amount  
 6 18 appropriated in this section, up to \$5,000,000 shall  
 6 19 be targeted to expand medical assistance program  
 6 20 waiver slots for those waivers for which counties pay  
 6 21 the nonfederal share of the costs. The distribution  
 6 22 allocations shall be completed on or before July 1,  
 6 23 2011.

6 24 c. The general assembly finds that as of the time  
 6 25 of enactment of this section, the funding appropriated  
 6 26 in this section is sufficient to eliminate the need  
 6 27 for continuing , instituting, or reinstating waiting  
 6 28 lists during the period addressed by the appropriation.  
 6 29 However, the process implemented by the risk pool  
 6 30 board shall ensure there is adequate funding so that  
 6 31 a person made eligible for services and other support  
 6 32 from the waiting list would not be required to return  
 6 33 to the waiting list if a later projection indicates the  
 6 34 funding is insufficient to cover for the entire period  
 6 35 all individuals removed from the waiting list pursuant  
 6 36 to this section.

6 37 d. The funding provided in this section is intended  
 6 38 to provide necessary services for adults in need of  
 6 39 mental health, mental retardation, or developmental  
 6 40 disabilities services until improvements to the current  
 6 41 system can be developed and enacted.

6 42 Sec. \_\_\_\_ ADULT MENTAL HEALTH AND DISABILITY  
 6 43 SERVICE SYSTEM REFORM.

6 44 1. The general assembly finds there is need to  
 6 45 reform the adult mental health and disability services  
 6 46 system administered by counties to address the needs  
 6 47 of persons with mental illness, mental retardation, or  
 6 48 developmental disabilities. Issues with the current  
 6 49 system include the following:

6 50 a. Lack of a set of core services uniformly  
 7 1 available throughout the state.

7 2 b. Lack of uniformity in service expenditures  
 7 3 throughout the state.

7 4 c. Disparity in county levy rates for the services  
 7 5 funds for this system.

7 6 d. The need to improve the array of community-based

Specifies that the General Assembly finds there is need to reform the Mental Health and Disability Services System administered by the counties and requires the House and Senate Human Resources, Appropriations, and Ways and Means Committees to propose legislation for a new system to be implemented July 1, 2012.

DETAIL: The legislation is to phase in full State funding for the nonfederal share of Medicaid services, provide property tax relief by having the State assume a greater role in funding mental health and disability services, and shift the balance of responsibility from the counties to the State to ensure greater uniformity. County expenditures for mental health totaled \$334.9 million in FY 2009 and \$329.5 million in FY 2010 with the counties funding up to \$125.0 million of this with a Mental Health Property Tax Levy. The remaining funds are provided by the State and federal government. The federal Patient Protection and Affordable Care Act (PPACA) of 2010 will

7 7 services and services to avoid the use or continued use  
 7 8 of crisis services.  
 7 9 e. The need to expand the availability of dual  
 7 10 diagnosis mental health and substance abuse services.  
 7 11 f. The need to improve the consistency of services  
 7 12 available to both youth and adult populations.  
 7 13 g. The need to address the medical assistance  
 7 14 (Medicaid) program changes in the federal Patient  
 7 15 Protection and Affordable Care Act (PPACA) that will  
 7 16 greatly expand the program's eligibility for persons in  
 7 17 the service system beginning in calendar year 2014.  
 7 18 h. Dissatisfaction with using county of legal  
 7 19 settlement determinations to determine county and state  
 7 20 financial responsibility for services.  
 7 21 2. In order to address the issues identified in  
 7 22 subsection 1, the committees on human resources,  
 7 23 appropriations, and ways and means of the senate and  
 7 24 house of representatives shall propose legislation to  
 7 25 address the following actions by the dates indicated:  
 7 26 a. Phase-in of the state fully assuming the  
 7 27 nonfederal share of the costs for Medicaid program  
 7 28 services now borne by counties by the implementation  
 7 29 date of the Medicaid eligibility changes under PPACA.  
 7 30 b. Provide property tax relief and equity by having  
 7 31 the state assume a greater role in funding the adult  
 7 32 mental health and disability services system from  
 7 33 counties by July 1, 2012, when the repeals contained in  
 7 34 this division of this Act take effect.  
 7 35 c. Shift the balance of responsibilities for the  
 7 36 services system between the state and counties so  
 7 37 that the state ensures greater uniformity and there  
 7 38 is sufficient size to develop effective services  
 7 39 while maintaining the county role of bringing local  
 7 40 resources together in unique ways that best meet the  
 7 41 needs of clients, by implementing a new services system  
 7 42 structure by July 1, 2012, when the repeals contained  
 7 43 in this division of this Act take effect.

7 44 Sec. \_\_\_\_\_. Section 331.424A, Code 2011, is amended  
 7 45 by adding the following new subsection:  
 7 46 NEW SUBSECTION 6. This section is repealed July  
 7 47 1, 2012.  
 7 48 Sec. \_\_\_\_\_. Section 331.438, Code 2011, is amended by

have a major impact on the new Mental Health and Disability Services System. There will be a number of individuals that will become eligible for mental health services under Medicaid beginning January 1, 2014, as Medicaid expands to 133.0% of the FPL and eliminates categorical eligibility. The General Assembly will have a number of decisions to make on how to incorporate mental health services and Medicaid with the possibility of leveraging additional federal funds.

CODE: These Sections repeal the current County Mental Health and Disability Services System on July 1, 2012.

7 49 adding the following new subsection:  
 7 50 NEW SUBSECTION 5. This section is repealed July  
 8 1 1, 2012.  
 8 2 Sec. \_\_\_\_\_. Section 331.439, Code 2011, is amended by  
 8 3 adding the following new subsection:  
 8 4 NEW SUBSECTION 10. This section is repealed July  
 8 5 1, 2012.  
 8 6 Sec. \_\_\_\_\_. Section 331.440, Code 2011, is amended by  
 8 7 adding the following new subsection:  
 8 8 NEW SUBSECTION 7. This section is repealed July  
 8 9 1, 2012.  
 8 10 Sec. \_\_\_\_\_. NEW SECTION 426B.6Future repeal.  
 8 11 This chapter is repealed July 1, 2012.

8 12 Sec. \_\_\_\_\_. 2010 Iowa Acts, chapter 1193, section 1,  
 8 13 is amended to read as follows:  
 8 14 SECTION 1.ADULT MH/MR/DD SERVICES ALLOWED  
 8 15 GROWTH FUNDING — FY 2011-2012. Notwithstanding  
 8 16 section 331.439, subsection 3, the allowed growth  
 8 17 factor adjustment for county mental health, mental  
 8 18 retardation, and developmental disabilities service  
 8 19 expenditures for the fiscal year beginning July 1,  
 8 20 2011, shall be established by statute which shall be  
 8 21 enacted within thirty calendar days of the ~~convening of~~  
 8 22 ~~the Eighty fourth General Assembly, 2011 Session, on~~  
 8 23 ~~January 10, 2011~~ date the governor's recommendation is  
 8 24 submitted to the general assembly. The governor shall  
 8 25 submit to the general assembly a recommendation for  
 8 26 such allowed growth factor adjustment and the amounts  
 8 27 of related appropriations to the general assembly  
 8 28 on or before January 44 ~~27~~, 2011. The governor's  
 8 29 recommendation and the allowed growth factor adjustment  
 8 30 enacted by the general assembly pursuant to this  
 8 31 section shall incorporate measures to ensure that  
 8 32 the funding appropriated during the 2011 legislative  
 8 33 session to the risk pool in the property tax relief  
 8 34 fund to eliminate county waiting lists for services can  
 8 35 be relied upon to remain available for the long term to  
 8 36 support the services provided for the individuals who  
 8 37 were removed from a waiting list.

8 38 Sec. \_\_\_\_\_. CONFORMING PROVISIONS. The legislative  
 8 39 services agency shall prepare a study bill for

CODE: Requires the Governor's county Mental Health Allowed Growth recommendation for FY 2012 to be submitted to the General Assembly by January 27, 2011, with an appropriation enacted by the General Assembly within 30 days.

DETAIL: The Governor's recommendation and the allowed growth factor enacted by the General Assembly are required to incorporate the \$25.0 million in funding for the Mental Health Risk Pool appropriated in this amendment so that individuals removed from county waiting lists will not have to return.

Requires the Legislative Services Agency to submit a study bill to the House and Senate Human Resources Committee providing conforming Code

8 40 consideration by the committees on human resources of  
8 41 the senate and house of representatives for the 2012  
8 42 legislative session, providing conforming Code changes  
8 43 for implementation of the repeal provisions contained  
8 44 in this division of this Act.

changes for implementation of the repeal of the County Mental Health System.

8 45 Sec. \_\_\_\_ EFFECTIVE UPON ENACTMENT. This division  
8 46 of this Act, being deemed of immediate importance,  
8 47 takes effect upon enactment.

This Division is effective on enactment.

8 48 Sec. \_\_\_\_ RETROACTIVE APPLICABILITY. The provision  
8 49 of this division of this Act amending 2010 Iowa Acts,  
8 50 chapter 1193, section 1, applies retroactively to April  
9 1 29, 2010.  
9 2 Title page, by striking lines 2 through 4 and  
9 3 inserting making appropriations and providing for  
9 4 updated Code references to the Internal Revenue Code  
9 5 and including effective date and  
9 6 8By renumbering, redesignating, and correcting  
9 7 internal references as necessary.

The Section amending HF 2531 (FY 2011 Standing Appropriations Act) regarding mental health allowed growth funding is retroactive to April 29, 2010.

## Summary Data

### General Fund

	Actual FY 2010 <u>(1)</u>	Estimated FY 2011 <u>(2)</u>	Supp-House Action FY 2011 <u>(3)</u>	Supp-Senate Action FY 2011 <u>(4)</u>	Senate vs House <u>(5)</u>	Bill Number <u>(6)</u>
Administration and Regulation	\$ 0	\$ 0	\$ 263,329	\$ 263,329	\$ 0	
Education	0	152,825,911	5,948,736	5,948,736	0	
Health and Human Services	63,498,486	58,474,125	3,856,867	3,856,867	0	
Justice System	455,215,302	427,518,125	35,708,183	35,708,183	0	
Unassigned Standings	<u>0</u>	<u>0</u>	<u>25,000,000</u>	<u>0</u>	<u>-25,000,000</u>	
<b>Grand Total</b>	<u>\$ 518,713,788</u>	<u>\$ 638,818,161</u>	<u>\$ 70,777,115</u>	<u>\$ 45,777,115</u>	<u>\$ -25,000,000</u>	

## Administration and Regulation

### General Fund

	Actual FY 2010 <u>(1)</u>	Estimated FY 2011 <u>(2)</u>	Supp-House Action FY 2011 <u>(3)</u>	Supp-Senate Action FY 2011 <u>(4)</u>	Senate vs House <u>(5)</u>	Bill Number <u>(6)</u>
<u>Administrative Services, Dept. of</u>						
Administrative Services						
Terrace Hill Operations	\$ 0	\$ 0	\$ 263,329	\$ 263,329	\$ 0	SF209
<b>Total Administrative Services, Dept. of</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 263,329</u>	<u>\$ 263,329</u>	<u>\$ 0</u>	
<b>Total Administration and Regulation</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 263,329</u>	<u>\$ 263,329</u>	<u>\$ 0</u>	

## Education General Fund

	Actual FY 2010 <u>(1)</u>	Estimated FY 2011 <u>(2)</u>	Supp-House Action FY 2011 <u>(3)</u>	Supp-Senate Action FY 2011 <u>(4)</u>	Senate vs House <u>(5)</u>	Bill Number <u>(6)</u>
<b>Education, Dept. of</b>						
<b>Education, Dept. of</b>						
Comm College - Northeast Iowa (I)	\$ 0	\$ 7,589,572	\$ 298,883	\$ 298,883	\$ 0	SF209
Comm College - North Iowa Area (II)	0	8,121,839	286,545	286,545	0	SF209
Comm College - Iowa Lakes (III)	0	7,478,622	257,873	257,873	0	SF209
Comm College - Northwest (IV)	0	3,672,598	128,526	128,526	0	SF209
Comm College - Iowa Central (V)	0	8,391,198	344,251	344,251	0	SF209
Comm College - Iowa Valley (VI)	0	7,152,344	251,942	251,942	0	SF209
Comm College - Hawkeye (VII)	0	10,650,184	401,298	401,298	0	SF209
Comm College - Eastern Iowa (IX)	0	13,247,344	508,961	508,961	0	SF209
Comm College - Kirkwood (X)	0	23,304,445	959,044	959,044	0	SF209
Comm College - Des Moines Area (XI)	0	23,465,054	1,016,636	1,016,636	0	SF209
Comm College - Western Iowa Tech (XII)	0	8,697,470	328,413	328,413	0	SF209
Comm College - Iowa Western (XIII)	0	8,938,972	355,950	355,950	0	SF209
Comm College - Southwestern (XIV)	0	3,728,128	132,279	132,279	0	SF209
Comm College - Indian Hills (XV)	0	11,686,592	409,622	409,622	0	SF209
Comm College - Southeastern (XVI)	0	6,701,549	248,098	248,098	0	SF209
Community Colleges Salaries	0	0	20,415	20,415	0	SF209
<b>Total Education, Dept. of</b>	<b>\$ 0</b>	<b>\$ 152,825,911</b>	<b>\$ 5,948,736</b>	<b>\$ 5,948,736</b>	<b>\$ 0</b>	
<b>Total Education</b>	<b>\$ 0</b>	<b>\$ 152,825,911</b>	<b>\$ 5,948,736</b>	<b>\$ 5,948,736</b>	<b>\$ 0</b>	



## Health and Human Services General Fund

	Actual FY 2010 <u>(1)</u>	Estimated FY 2011 <u>(2)</u>	Supp-House Action FY 2011 <u>(3)</u>	Supp-Senate Action FY 2011 <u>(4)</u>	Senate vs House <u>(5)</u>	Bill Number <u>(6)</u>
<b><u>Public Health, Dept. of</u></b>						
<b>Public Health, Dept. of</b>						
Addictive Disorders	\$ 28,414,782	\$ 26,715,157	\$ 675,896	\$ 675,896	\$ 0	SF209
Healthy Children and Families	2,353,517	2,540,218	68,192	68,192	0	SF209
Community Capacity	3,728,162	5,045,832	13,275	13,275	0	SF209
Healthy Aging	8,345,779	7,400,906	403,500	403,500	0	SF209
Infectious Diseases	1,605,967	1,380,064	51,688	51,688	0	SF209
<b>Total Public Health, Dept. of</b>	<b>\$ 44,448,207</b>	<b>\$ 43,082,177</b>	<b>\$ 1,212,551</b>	<b>\$ 1,212,551</b>	<b>\$ 0</b>	
<b><u>Human Services, Dept. of</u></b>						
<b>Cherokee</b>						
Cherokee MHI	\$ 4,892,468	\$ 2,802,494	\$ 784,607	\$ 784,607	\$ 0	SF209
<b>Clarinda</b>						
Clarinda MHI	\$ 5,604,601	\$ 5,393,175	\$ 623,793	\$ 623,793	\$ 0	SF209
<b>Independence</b>						
Independence MHI	\$ 8,553,210	\$ 7,196,279	\$ 1,235,916	\$ 1,235,916	\$ 0	SF209
<b>Total Human Services, Dept. of</b>	<b>\$ 19,050,279</b>	<b>\$ 15,391,948</b>	<b>\$ 2,644,316</b>	<b>\$ 2,644,316</b>	<b>\$ 0</b>	
<b>Total Health and Human Services</b>	<b>\$ 63,498,486</b>	<b>\$ 58,474,125</b>	<b>\$ 3,856,867</b>	<b>\$ 3,856,867</b>	<b>\$ 0</b>	

## Justice System General Fund

	Actual FY 2010 (1)	Estimated FY 2011 (2)	Supp-House Action FY 2011 (3)	Supp-Senate Action FY 2011 (4)	Senate vs House (5)	Bill Number (6)
<b>Corrections, Dept. of</b>						
<b>CBC District 1</b>						
CBC District I	\$ 12,028,965	\$ 11,526,745	\$ 393,353	\$ 393,353	\$ 0	SF209
<b>CBC District 2</b>						
CBC District II	\$ 10,294,859	\$ 9,976,036	\$ 360,912	\$ 360,912	\$ 0	SF209
<b>CBC District 3</b>						
CBC District III	\$ 5,363,652	\$ 5,280,086	\$ 221,793	\$ 221,793	\$ 0	SF209
<b>CBC District 4</b>						
CBC District IV	\$ 5,255,617	\$ 5,222,288	\$ 169,067	\$ 169,067	\$ 0	SF209
<b>CBC District 5</b>						
CBC District V	\$ 18,140,442	\$ 17,683,492	\$ 723,637	\$ 723,637	\$ 0	SF209
<b>CBC District 6</b>						
CBC District VI	\$ 12,711,127	\$ 12,249,424	\$ 460,329	\$ 460,329	\$ 0	SF209
<b>CBC District 7</b>						
CBC District VII	\$ 6,461,918	\$ 6,227,383	\$ 265,431	\$ 265,431	\$ 0	SF209
<b>CBC District 8</b>						
CBC District VIII	\$ 6,792,677	\$ 6,553,064	\$ 177,991	\$ 177,991	\$ 0	SF209
<b>Central Office</b>						
Corrections Administration	\$ 4,329,043	\$ 4,126,852	\$ 110,202	\$ 110,202	\$ 0	SF209
<b>Fort Madison</b>						
Ft. Madison Institution	\$ 37,767,271	\$ 36,533,518	\$ 1,920,083	\$ 1,920,083	\$ 0	SF209
<b>Anamosa</b>						
Anamosa Institution	\$ 28,815,684	\$ 28,270,794	\$ 1,293,060	\$ 1,293,060	\$ 0	SF209
<b>Oakdale</b>						
Oakdale Institution	\$ 55,432,247	\$ 52,614,899	\$ 2,385,141	\$ 2,385,141	\$ 0	SF209
<b>Newton</b>						
Newton Institution	\$ 25,756,235	\$ 24,599,293	\$ 1,101,460	\$ 1,101,460	\$ 0	SF209
<b>Mt Pleasant</b>						
Mt. Pleasant Inst.	\$ 24,910,544	\$ 24,191,645	\$ 1,359,865	\$ 1,359,865	\$ 0	SF209

## Justice System General Fund

	Actual FY 2010 (1)	Estimated FY 2011 (2)	Supp-House Action FY 2011 (3)	Supp-Senate Action FY 2011 (4)	Senate vs House (5)	Bill Number (6)
<b>Rockwell City</b>						
Rockwell City Institution	\$ 8,561,800	\$ 8,666,658	\$ 412,008	\$ 412,008	\$ 0	SF209
<b>Clarinda</b>						
Clarinda Institution	\$ 21,530,698	\$ 21,835,677	\$ 1,180,617	\$ 1,180,617	\$ 0	SF209
<b>Mitchellville</b>						
Mitchellville Institution	\$ 14,422,531	\$ 14,779,174	\$ 504,674	\$ 504,674	\$ 0	SF209
<b>Fort Dodge</b>						
Ft. Dodge Institution	\$ 27,199,132	\$ 27,148,125	\$ 1,162,060	\$ 1,162,060	\$ 0	SF209
<b>Total Corrections, Dept. of</b>	<u>\$ 325,774,442</u>	<u>\$ 317,485,153</u>	<u>\$ 14,201,683</u>	<u>\$ 14,201,683</u>	<u>\$ 0</u>	
<b><u>Inspections &amp; Appeals, Dept. of</u></b>						
<b>Public Defender</b>						
Indigent Defense Appropriation	\$ 32,508,247	\$ 15,680,929	\$ 16,000,000	\$ 16,000,000	\$ 0	SF209
Public Defender	19,568,864	21,531,682	2,551,500	2,551,500	0	SF209
<b>Total Inspections &amp; Appeals, Dept. of</b>	<u>\$ 52,077,111</u>	<u>\$ 37,212,611</u>	<u>\$ 18,551,500</u>	<u>\$ 18,551,500</u>	<u>\$ 0</u>	
<b><u>Public Safety, Department of</u></b>						
<b>Public Safety, Dept. of</b>						
Public Safety Administration	\$ 3,952,071	\$ 3,732,075	\$ 275,000	\$ 275,000	\$ 0	SF209
Public Safety DCI	19,012,743	12,208,931	325,000	325,000	0	SF209
Narcotics Enforcement	5,747,647	6,204,884	225,000	225,000	0	SF209
DPS Fire Marshal	3,590,003	4,168,707	130,000	130,000	0	SF209
Iowa State Patrol	45,061,285	46,505,764	2,000,000	2,000,000	0	SF209
<b>Total Public Safety, Department of</b>	<u>\$ 77,363,749</u>	<u>\$ 72,820,361</u>	<u>\$ 2,955,000</u>	<u>\$ 2,955,000</u>	<u>\$ 0</u>	
<b>Total Justice System</b>	<u>\$ 455,215,302</u>	<u>\$ 427,518,125</u>	<u>\$ 35,708,183</u>	<u>\$ 35,708,183</u>	<u>\$ 0</u>	

## Unassigned Standings

### General Fund

	Actual FY 2010 (1)	Estimated FY 2011 (2)	Supp-House Action FY 2011 (3)	Supp-Senate Action FY 2011 (4)	Senate vs House (5)	Bill Number (6)
<u>Human Services, Dept. of</u>						
Assistance						
Mental Health Supplemental	\$ 0	\$ 0	\$ 25,000,000	\$ 0	\$ -25,000,000	S-3041
Total Human Services, Dept. of	\$ 0	\$ 0	\$ 25,000,000	\$ 0	\$ -25,000,000	
Total Unassigned Standings	\$ 0	\$ 0	\$ 25,000,000	\$ 0	\$ -25,000,000	

# Administration and Regulation

FTE

	Actual FY 2010 (1)	Estimated FY 2011 (2)	Supp-House Action FY 2011 (3)	Supp-Senate Action FY 2011 (4)	Senate vs House (5)	Bill Number (6)
<u>Administrative Services, Dept. of</u>						
Administrative Services						
Terrace Hill Operations	0.00	0.00	6.38	6.38	0.00	SF209
<b>Total Administrative Services, Dept. of</b>	<b>0.00</b>	<b>0.00</b>	<b>6.38</b>	<b>6.38</b>	<b>0.00</b>	
<b>Total Administration and Regulation</b>	<b>0.00</b>	<b>0.00</b>	<b>6.38</b>	<b>6.38</b>	<b>0.00</b>	