

- The current per capita funding mechanism for the mental health regions is \$47.28. This was created in SF2315 with MH Redesign in 2012. Counties can't exceed that per capita amount.
- The per capita (levy) inequity between counties has been in place since 1996. The amount varies from county to county: \$14.62 to \$47.28 across the state.
- Because of the variance, there are counties supporting/subsidizing other counties within the same region.

a. EXAMPLE: Eastern Iowa MH/DS Region-

Scott County per capita is \$19.30 (Frozen levy amount of \$3,308,032)

The other four counties in the region are financially supporting the citizens of Scott County.

Regions will have to decide what service(s) to eliminate/reduce if some counties are unwilling to subsidize other counties within the region.

- Code change is needed to allow those counties/regions to adjust the per capita amount based on what region NEEDS. DHS approves the regional budgets. With code change (removing the frozen cap), the regions will still be subject to the per capita target of \$47.28 or whatever per capita amount Legislators set.
- LSA wrote a review on the history of MH funding (1/5/17). Three options were discussed:
 1. State Buy-Out over 10 years (costs \$155 million)
 2. Remove levy cap
 3. Eliminate cap, create new cap of \$0.93 per thousand dollars of taxable property

These are possible solutions to the MH funding problem- Legislators will need to decide on one as the \$47.28 per capita limit ends 6/30/17.

- In the current fiscal year, there is a \$23.3 million dollar savings in property taxes across the state- a voluntary reduction. This savings is because 73 counties have voluntarily lowered their per capita amount (MH levy).
- If the levy cap is removed, regions/counties could develop a plan for incremental increases in the levy over a period of years while using fund balance to meet expenses.
- In the current situation, planned decreases of fund balance are acceptable, but long term financial stability cannot withstand expenditures exceeding revenues. The Regions need a stable funding stream. This creates difficulty entering into long term financial contracts with providers.
- The frozen levy cap causes significant issues for Scott County and the region overall. The region will be required to provide any funding shortfall within the Scott County budget for the county service volume, as well as its share of crisis services, which are funded at the regional level. By allowing all counties to adjust their levies to the region's budget needs (that are approved by the Governing Board and DHS), the long term fiscal stability can be achieved.