

FILED MAR 06 2006

SENATE FILE 2336

BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 3035)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to department of human services' technical
2 requirements involving individual development accounts, family
3 investment program limited benefit plans, paternity
4 establishment definitions, and the state child care assistance
5 program, and including effective date and retroactive
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

SC 2336

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

INDIVIDUAL DEVELOPMENT ACCOUNTS

Section 1. Section 450.4, subsection 6, Code 2005, is amended to read as follows:

6. On property in an individual development account in the name of the decedent that passes to another individual development account ~~or-the-state-human-investment-reserve-pool created-in-section-541A-4~~. For purposes of this subsection, "individual development account" means an account that has been certified as an individual development account pursuant to chapter 541A.

Sec. 2. Section 541A.1, subsection 9, Code 2005, is amended by striking the subsection.

Sec. 3. Section 541A.2, subsection 2, paragraph b, Code 2005, is amended by striking the paragraph.

Sec. 4. Section 541A.2, subsection 9, Code 2005, is amended to read as follows:

9. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder. ~~if the-named-beneficiary-or-transferee-is-deceased-or-otherwise cannot-accept-the-transfer, the-moneys-shall-be-transferred-to the-reserve-pool.~~

Sec. 5. Section 541A.3, subsection 1, unnumbered paragraph 1, Code 2005, is amended to read as follows:

Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another individual development account and a savings refund received by the account holder in accordance with section 541A.3 shall

1 not be considered an account holder deposit for purposes of
2 determining a savings refund. Payment of a savings refund
3 either shall be made directly to the account holder's-account
4 holder or to an operating organization's central reserve
5 account for later distribution to the account holder's-account
6 holder in the most appropriate manner as determined by the
7 administrator. The state savings refund shall be the
8 indicated percentage of the amount deposited:

9 Sec. 6. Section 541A.3, subsection 5, Code 2005, is
10 amended to read as follows:

11 5. The administrator shall coordinate the filing of claims
12 for savings refunds authorized under subsection 1, between
13 account holders, operating organizations, and the department
14 of administrative services. Claims approved by the
15 administrator may be paid by the department of administrative
16 services to each account holder, for an aggregate amount for
17 distribution to the holders of the accounts in a particular
18 financial institution, or to an operating organization's
19 central reserve account for later distribution to the account
20 holders'-accounts holders depending on the efficiency for
21 issuing the refunds. Claims shall be initially filed with the
22 administrator on or before a date established by the
23 administrator. Claims approved by the administrator shall be
24 paid from the general fund of the state in the manner
25 specified in section 422.74.

26 Sec. 7. Section 541A.4, Code 2005, is repealed.

27 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
28 Act, being deemed of immediate importance, takes effect upon
29 enactment, is retroactively applicable to January 1, 2006, and
30 is applicable on and after that date.

31 DIVISION II

32 FAMILY INVESTMENT PROGRAM -- LIMITED BENEFIT PLAN

33 Sec. 9. Section 239B.9, subsection 1, paragraph a, Code
34 2005, is amended to read as follows:

35 a. If a participant responsible for signing and fulfilling

1 the terms of a family investment agreement, as defined by the
2 director of human services in accordance with section 239B.8,
3 chooses not to sign or fulfill the terms of the agreement, the
4 participant's family, or the individual participant shall
5 enter into a limited benefit plan. Initial actions in a
6 written statement under section 239B.2, subsection 4, which
7 were committed to by a participant during the application
8 period and which commitment remains in effect, shall be
9 considered to be a term of the participant's family investment
10 agreement. A limited benefit plan shall apply for the period
11 of time specified in this section. The first month of the
12 limited benefit plan is the first month after the month in
13 which timely and adequate notice of the limited benefit plan
14 is given to the participant as defined by the director of
15 human services. ~~A participant who is exempt from the JOBS~~
16 ~~program but who volunteers for the program is not subject to~~
17 ~~imposition of a limited benefit plan.~~ The elements of a
18 limited benefit plan shall be specified in the department's
19 rules.

20 Sec. 10. Section 239B.9, subsection 2, paragraph a, Code
21 2005, is amended to read as follows:

22 a. PARENT. If the participant responsible for the family
23 investment agreement is a parent, the limited benefit plan is
24 applicable to the entire participant family. ~~If the family~~
25 ~~reapplies for assistance after an ineligibility period,~~
26 ~~eligibility shall be established in the same manner as for any~~
27 ~~other new applicant.~~

28 Sec. 11. Section 239B.9, subsection 2, paragraph c, Code
29 2005, is amended to read as follows:

30 c. MINOR PARENT LIVING WITH ADULT PARENT OR SPECIFIED
31 RELATIVE. If the participant family includes a minor parent
32 living with the minor parent's adult parent or specified
33 relative who receives family investment program assistance and
34 both individuals are responsible for developing a family
35 investment agreement, each individual is responsible for a

1 separate family investment agreement, and the limited benefit
2 plan shall be applied as follows:

3 (1) If the adult parent ~~or-specified-relative~~ chooses the
4 limited benefit plan, the requirements of the limited benefit
5 plan shall apply to the entire participant family, even though
6 the minor parent has not chosen the limited benefit plan.
7 However, the minor parent may reapply for assistance as a
8 minor parent living with self-supporting parents or living
9 independently and continue in the family investment agreement
10 process.

11 (2) If the minor parent chooses the limited benefit plan,
12 the requirements of the limited benefit plan shall apply to
13 the minor parent and any child of the minor parent.

14 (3) If the specified relative chooses the limited benefit
15 plan, the requirements of the limited benefit plan shall apply
16 only to the specified relative.

17 DIVISION III

18 PATERNITY ESTABLISHMENT

19 Sec. 12. Section 252F.1, Code 2005, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 1A. "Child" means a person who is less
22 than age eighteen or a person who is age eighteen but less
23 than age nineteen and is engaged full-time in completing high
24 school graduation or equivalency requirements in a manner
25 which is reasonably expected to result in completion of the
26 requirements prior to the person reaching age nineteen.

27 DIVISION IV

28 STATE CHILD CARE ASSISTANCE PROGRAM

29 Sec. 13. Section 237A.13, subsection 5, paragraphs c and
30 d, Code 2005, are amended to read as follows:

31 c. Families with an income of more than one hundred
32 percent but not more than one hundred ~~forty~~ forty-five percent
33 of the federal poverty level whose members are employed at
34 least twenty-eight hours per week.

35 d. Families with an income at or below ~~one~~ two hundred

1 seventy-five percent of the federal poverty level whose
2 members are employed at least twenty-eight hours per week with
3 a special needs child as a member of the family.

4

EXPLANATION

5 This bill relates to department of human services'
6 technical requirements involving individual development
7 accounts, family investment program limited benefit plans,
8 paternity establishment definitions, and the state child care
9 assistance program.

10 DIVISION I -- INDIVIDUAL DEVELOPMENT ACCOUNTS. This
11 division revises provisions of the individual development
12 account program under Code chapter 541A. Income on moneys in
13 these accounts is exempt from state tax, and an account holder
14 is eligible for a state income tax refund for savings credited
15 to an account.

16 Code section 514A.4, outlining requirements for the initial
17 pilot phase of the program, is repealed. The provision
18 limited the number of accounts for the initial five-year
19 period that commenced on January 1, 1995, provided for a
20 request for proposals to secure operating organizations to
21 implement the program, outlined qualifications and
22 requirements for operating organizations, required linkage to
23 various outcomes, and required an evaluation. In addition,
24 the provision created a reserve pool for receipt and
25 distribution of funding for purposes of the program. The
26 division includes conforming amendments to address the repeal
27 of Code section 541A.4.

28 Existing law in Code section 514A.3 requires the state
29 savings refund to be paid to the account of the account
30 holder. The bill provides for the savings refund to be paid
31 to the account holder or an operating organization for
32 distribution to account holders rather than to the account of
33 the account holder.

34 Code section 541A.2, subsection 2, paragraph "b", is
35 stricken to conform with the bill's requirement for direct

1 payment of a savings refund to the account holder. In
2 addition, Code section 541A.3 is amended to provide that a
3 savings refund deposited by an account holder cannot be
4 counted as an account holder deposit for purposes of
5 determining a savings refund.

6 This division of the bill takes effect upon enactment and
7 is retroactively applicable to January 1, 2006.

8 DIVISION II -- FAMILY INVESTMENT PROGRAM -- LIMITED BENEFIT
9 PLAN. This division makes changes to statutory provisions
10 involving the family investment program in Code chapter 239B.
11 An existing exemption in Code section 239B.9 is eliminated
12 that prohibits application of a limited benefit plan to a
13 participant who is exempt from participation in the job
14 opportunity and basic skills (JOBS) program. A provision is
15 eliminated that provides that if a family has been subject to
16 a limited benefit plan and the family reapplies for the
17 program, the eligibility requirements for the family are the
18 same as for a new applicant. A provision is revised so that
19 if a minor parent is living with a specified relative who
20 chooses a limited benefit plan, the limited benefit plan is
21 applied only to the specified relative rather than to the
22 entire family.

23 DIVISION III -- PATERNITY ESTABLISHMENT. This division
24 provides a new definition of the term "child" in Code chapter
25 252F, relating to paternity establishment. The new definition
26 provides that a child is a person who is either less than age
27 18 or is age 18 but less than age 19 and is engaged in
28 completing high school graduation or equivalency requirements
29 in a manner which is reasonably expected to result in
30 completion of the requirements prior to the person reaching
31 age 19. The term is used, among other things, in establishing
32 a support debt for the person determined to be the child's
33 father.

34 DIVISION IV -- STATE CHILD CARE ASSISTANCE PROGRAM. This
35 division revises the waiting list requirements for the state

1 child care assistance program. Under 2005 Iowa Acts, chapter
2 175, section 14, the upper income eligibility requirements for
3 the program were increased for families, whose members are
4 employed at least 28 hours per week with an income of more
5 than 100 percent of the federal poverty level, from 140
6 percent to 145 percent of the federal poverty level, and for
7 families, whose members are employed at least 28 hours per
8 week with a special needs child as a member of the family,
9 from 175 to 200 percent of the federal poverty level. Code
10 section 237A.13 is amended to make permanent these changes in
11 the waiting list requirements for the program.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Johnson Co-chair
Hatch Co-chair
Houser
Dotzler

Succeeded By
SF HF 2336

SSB# 3035
Human Resources

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
HUMAN SERVICES BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to department of human services' technical
2 requirements involving individual development accounts, family
3 investment program limited benefit plans, paternity
4 establishment definitions, and the state child care assistance
5 program, and including effective date and retroactive
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

INDIVIDUAL DEVELOPMENT ACCOUNTS

Section 1. Section 450.4, subsection 6, Code 2005, is amended to read as follows:

6. On property in an individual development account in the name of the decedent that passes to another individual development account ~~or the state human investment reserve pool created in section 541A.4~~. For purposes of this subsection, "individual development account" means an account that has been certified as an individual development account pursuant to chapter 541A.

Sec. 2. Section 541A.1, subsection 9, Code 2005, is amended by striking the subsection.

Sec. 3. Section 541A.2, subsection 2, paragraph b, Code 2005, is amended by striking the paragraph.

Sec. 4. Section 541A.2, subsection 9, Code 2005, is amended to read as follows:

9. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder. ~~If the named beneficiary or transferee is deceased or otherwise cannot accept the transfer, the moneys shall be transferred to the reserve pool.~~

Sec. 5. Section 541A.3, subsection 1, unnumbered paragraph 1, Code 2005, is amended to read as follows:

Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another individual development account and a savings refund received by the account holder in accordance with section 541A.3 shall

1 not be considered an account holder deposit for purposes of
2 determining a savings refund. Payment of a savings refund
3 either shall be made directly to the account holder's-account
4 holder or to an operating organization's central reserve
5 account for later distribution to the account holder's-account
6 holder in the most appropriate manner as determined by the
7 administrator. The state savings refund shall be the
8 indicated percentage of the amount deposited:

9 Sec. 6. Section 541A.3, subsection 5, Code 2005, is
10 amended to read as follows:

11 5. The administrator shall coordinate the filing of claims
12 for savings refunds authorized under subsection 1, between
13 account holders, operating organizations, and the department
14 of administrative services. Claims approved by the
15 administrator may be paid by the department of administrative
16 services to each account holder, for an aggregate amount for
17 distribution to the holders of the accounts in a particular
18 financial institution, or to an operating organization's
19 central reserve account for later distribution to the account
20 holders'-accounts holders depending on the efficiency for
21 issuing the refunds. Claims shall be initially filed with the
22 administrator on or before a date established by the
23 administrator. Claims approved by the administrator shall be
24 paid from the general fund of the state in the manner
25 specified in section 422.74.

26 Sec. 7. Section 541A.4, Code 2005, is repealed.

27 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
28 Act, being deemed of immediate importance, takes effect upon
29 enactment, is retroactively applicable to January 1, 2006, and
30 is applicable on and after that date.

31 DIVISION II

32 FAMILY INVESTMENT PROGRAM -- LIMITED BENEFIT PLAN

33 Sec. 9. Section 239B.9, subsection 1, paragraph a, Code
34 2005, is amended to read as follows:

35 a. If a participant responsible for signing and fulfilling

1 the terms of a family investment agreement, as defined by the
2 director of human services in accordance with section 239B.8,
3 chooses not to sign or fulfill the terms of the agreement, the
4 participant's family, or the individual participant shall
5 enter into a limited benefit plan. Initial actions in a
6 written statement under section 239B.2, subsection 4, which
7 were committed to by a participant during the application
8 period and which commitment remains in effect, shall be
9 considered to be a term of the participant's family investment
10 agreement. A limited benefit plan shall apply for the period
11 of time specified in this section. The first month of the
12 limited benefit plan is the first month after the month in
13 which timely and adequate notice of the limited benefit plan
14 is given to the participant as defined by the director of
15 human services. ~~A participant who is exempt from the JOBS~~
16 ~~program but who volunteers for the program is not subject to~~
17 ~~imposition of a limited benefit plan.~~ The elements of a
18 limited benefit plan shall be specified in the department's
19 rules.

20 Sec. 10. Section 239B.9, subsection 2, paragraph a, Code
21 2005, is amended to read as follows:

22 a. PARENT. If the participant responsible for the family
23 investment agreement is a parent, the limited benefit plan is
24 applicable to the entire participant family. ~~If the family~~
25 ~~reapplies for assistance after an ineligibility period,~~
26 ~~eligibility shall be established in the same manner as for any~~
27 ~~other new applicant.~~

28 Sec. 11. Section 239B.9, subsection 2, paragraph c, Code
29 2005, is amended to read as follows:

30 c. MINOR PARENT LIVING WITH ADULT PARENT OR SPECIFIED
31 RELATIVE. If the participant family includes a minor parent
32 living with the minor parent's adult parent or specified
33 relative who receives family investment program assistance and
34 both individuals are responsible for developing a family
35 investment agreement, each individual is responsible for a

1 separate family investment agreement, and the limited benefit
2 plan shall be applied as follows:

3 (1) If the adult parent ~~or-specified-relative~~ chooses the
4 limited benefit plan, the requirements of the limited benefit
5 plan shall apply to the entire participant family, even though
6 the minor parent has not chosen the limited benefit plan.
7 However, the minor parent may reapply for assistance as a
8 minor parent living with self-supporting parents or living
9 independently and continue in the family investment agreement
10 process.

11 (2) If the minor parent chooses the limited benefit plan,
12 the requirements of the limited benefit plan shall apply to
13 the minor parent and any child of the minor parent.

14 (3) If the specified relative chooses the limited benefit
15 plan, the requirements of the limited benefit plan shall apply
16 only to the specified relative.

17 DIVISION III

18 PATERNITY ESTABLISHMENT

19 Sec. 12. Section 252F.1, Code 2005, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 1A. "Child" means a person who is less
22 than age eighteen or a person who is age eighteen but less
23 than age nineteen and is engaged full-time in completing high
24 school graduation or equivalency requirements in a manner
25 which is reasonably expected to result in completion of the
26 requirements prior to the person reaching age nineteen.

27 DIVISION IV

28 STATE CHILD CARE ASSISTANCE PROGRAM

29 Sec. 13. Section 237A.13, subsection 5, paragraphs c and
30 d, Code 2005, are amended to read as follows:

31 c. Families with an income of more than one hundred
32 percent but not more than one hundred ~~forty~~ forty-five percent
33 of the federal poverty level whose members are employed at
34 least twenty-eight hours per week.

35 d. Families with an income at or below ~~one~~ two hundred

1 seventy-five percent of the federal poverty level whose
2 members are employed at least twenty-eight hours per week with
3 a special needs child as a member of the family.

4

EXPLANATION

5 This bill relates to department of human services'
6 technical requirements involving individual development
7 accounts, family investment program limited benefit plans,
8 paternity establishment definitions, and the state child care
9 assistance program.

10 DIVISION I -- INDIVIDUAL DEVELOPMENT ACCOUNTS. This
11 division revises provisions of the individual development
12 account program under Code chapter 541A. Income on moneys in
13 these accounts is exempt from state tax, and an account holder
14 is eligible for a state income tax refund for savings credited
15 to an account.

16 Code section 514A.4, outlining requirements for the initial
17 pilot phase of the program, is repealed. The provision
18 limited the number of accounts for the initial five-year
19 period that commenced on January 1, 1995, provided for a
20 request for proposals to secure operating organizations to
21 implement the program, outlined qualifications and
22 requirements for operating organizations, required linkage to
23 various outcomes, and required an evaluation. In addition,
24 the provision created a reserve pool for receipt and
25 distribution of funding for purposes of the program. The
26 division includes conforming amendments to address the repeal
27 of Code section 541A.4.

28 Existing law in Code section 514A.3 requires the state
29 savings refund to be paid to the account of the account
30 holder. The bill provides for the savings refund to be paid
31 to the account holder or an operating organization for
32 distribution to account holders rather than to the account of
33 the account holder.

34 Code section 541A.2, subsection 2, paragraph "b", is
35 stricken to conform with the bill's requirement for direct

1 payment of a savings refund to the account holder. In
2 addition, Code section 541A.3 is amended to provide that a
3 savings refund deposited by an account holder cannot be
4 counted as an account holder deposit for purposes of
5 determining a savings refund.

6 This division of the bill takes effect upon enactment and
7 is retroactively applicable to January 1, 2006.

8 DIVISION II -- FAMILY INVESTMENT PROGRAM -- LIMITED BENEFIT
9 PLAN. This division makes changes to statutory provisions
10 involving the family investment program in Code chapter 239B.
11 An existing exemption in Code section 239B.9 is eliminated
12 that prohibits application of a limited benefit plan to a
13 participant who is exempt from participation in the job
14 opportunity and basic skills (JOBS) program. A provision is
15 eliminated that provides that if a family has been subject to
16 a limited benefit plan and the family reapplies for the
17 program, the eligibility requirements for the family are the
18 same as for a new applicant. A provision is revised so that
19 if a minor parent is living with a specified relative who
20 chooses a limited benefit plan, the limited benefit plan is
21 applied only to the specified relative rather than to the
22 entire family.

23 DIVISION III -- PATERNITY ESTABLISHMENT. This division
24 provides a new definition of the term "child" in Code chapter
25 252F, relating to paternity establishment. The new definition
26 provides that a child is a person who is either less than age
27 18 or is age 18 but less than age 19 and is engaged in
28 completing high school graduation or equivalency requirements
29 in a manner which is reasonably expected to result in
30 completion of the requirements prior to the person reaching
31 age 19. The term is used, among other things, in establishing
32 a support debt for the person determined to be the child's
33 father.

34 DIVISION IV -- STATE CHILD CARE ASSISTANCE PROGRAM. This
35 division revises the waiting list requirements for the state

1 child care assistance program. Under 2005 Iowa Acts, chapter
2 175, section 14, the upper income eligibility requirements for
3 the program were increased for families, whose members are
4 employed at least 28 hours per week with an income of more
5 than 100 percent of the federal poverty level, from 140
6 percent to 145 percent of the federal poverty level, and for
7 families, whose members are employed at least 28 hours per
8 week with a special needs child as a member of the family,
9 from 175 to 200 percent of the federal poverty level. Code
10 section 237A.13 is amended to make permanent these changes in
11 the waiting list requirements for the program.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

January 13, 2006

To: Members of the General Assembly

From: Alisa Morris

The Iowa Department of Human Services (DHS) is proposing legislation relating to the following sections:

- Section 450.4, subsection 6 and Section 541A: Individual Development Accounts;
- Section 239B.9, subsection 2: the Family Investment Program – Limited Benefit Plans;
- Section 252F.1, Paternity Establishment – Definitions; and
- Section 237A.13 State Child Care Assistance.

The changes involved with the Family Investment Program – Limited Benefit Plan clarify and correct Code to coincide with previous law and administrative rule changes. These changes are not related to a policy change nor do they have a fiscal impact.

The changes related to Individual Development Accounts provide clarification and eliminate obsolete references to a pilot phase. The changes are technical only and do not constitute any new policy changes and have no fiscal impact.

The definition of “child” adds standard language for the duration of child support to chapter 252F to coincide with language previously added by SF 330 in 2005 to other paternity and support chapters. It is a technical change not related to a policy change and does not have a fiscal impact.

The changes related to the State Child Care Assistance Program are necessary to align the new eligibility levels that went into effect 9/1/05 with language for priority groups during periods of waiting lists. The changes are technical only and do not constitute any new policy changes and have no fiscal impact.