



# Federal Funds Update

As related to the COVID-19 pandemic

This document was originally published on July 15, 2020, as the State of Iowa Financial Update. All documents relating to COVID-19 federal stimulus funds are being compiled on this page for archival purposes.





# State of Iowa Financial Update

REVENUE AND BUDGET IMPLICATIONS OF  
COVID-19

July 15, 2020



This report is the third in a series designed to provide the General Assembly with updates on the State budget as Iowa responds to coronavirus 2019 (COVID-19). **Since the second [update on June 4, 2020](#), the 2020 Legislative Session has concluded and the FY 2021 budget has been signed into law.** The General Assembly appropriated a total of \$7.779 billion from the General Fund for FY 2021, which is a reduction of \$45.9 million (0.6%) compared to the revised FY 2020 appropriations after factoring in the supplemental appropriations. The FY 2021 appropriations are also \$244.4 million below the expenditure limitation.

LSA staff contacts for the sections on federal legislation, State revenues, and State budget are listed at the end of each section. Contacts for the section on subcommittee issues are listed by appropriations subcommittee. **This document provides the following updated information:**

- **More information on Federal Stimulus Awards including a table of federal grant awards by agency (page 3), a detailed table of funding received to date (pages 8-12), the Governor’s planned allocations, and an updated table of year-to-date revenue and expenditures of the Coronavirus Relief Fund.**
- **State Revenue Update (page 13).**
- **State Budget Update including the Rebuild Iowa Infrastructure Fund (page 17).**
- **Subcommittee sections were updated if there was new or changed information from the June 4 document and this includes a new Medicaid Forecast discussion, and discussion on increasing enrollment (page 23).**

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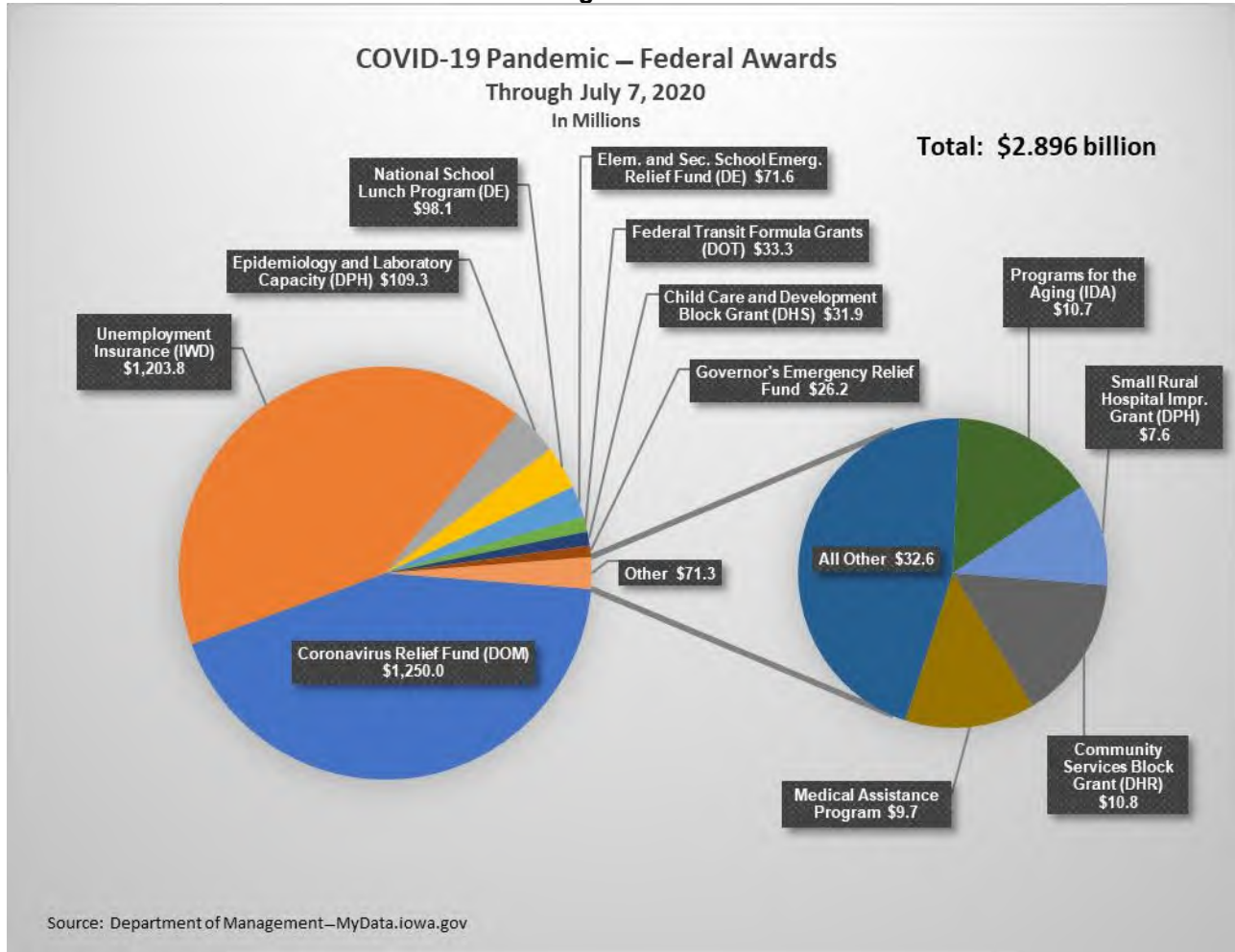
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## Federal Grant Awards Reported by State Agencies

Through July 7, 2020, State agencies have reported federal awards totaling \$2.896 billion to address a wide variety of expenses related to the COVID-19 pandemic (**Figure 1**). The numbers in the chart represent the funds awarded to State departments after notification from federal agencies that the federal grants are available for expenditure. The numbers will be updated as State departments receive additional notifications of awards.

**Figure 1**



### Iowa Departments Represented on the Above Chart

- DOM - Department of Management
- IWD - Department of Workforce Development
- DPH - Department of Public Health
- DE - Department of Education
- DOT - Department of Transportation
- DHS - Department of Human Services
- DHR - Department of Human Rights
- IDA - Department on Aging

**Figure 2** shows the federal awards by State agency. The table does not reflect all of the funding provided in the federal acts, but focuses on funding that will flow through Iowa State government

agencies. Items such as stimulus funding to individuals and families are not included. Iowa residents have received \$2.660 billion in direct federal Economic Impact Payments (EIP).

**Figure 2**

<b>Federal Awards by State Agency</b>	
<b>As of July 7, 2020</b>	
In Millions	
<b>State Department</b>	<b>Award Amount</b>
Department of Management	\$ 1,250.0
Workforce Development	1,203.8
Department of Education	196.2
Department of Public Health	129.0
Department of Human Services	44.5
Department of Transportation	33.3
Department of Human Rights	15.0
Department on Aging	10.7
Governor's Office of Drug Control Policy	5.8
Secretary of State	4.8
Homeland Security and Emergency Management	1.3
Department of Cultural Affairs	0.9
Department of Agriculture & Land Stewardship	0.3
<b>Total</b>	<b>\$ 2,895.6</b>

A detailed spreadsheet (**Awarded Federal Funding to Date**) listing all of the federal awards by State agency is available at the end of this section. The federal awards listed include only funds actually awarded to departments. Additional funding allocated by the Governor through the CARES Act is not included if the funds have not been awarded to the department yet. The LSA will continue to monitor federal funds received and expended by State agencies and report this information to the Legislature through [Fiscal Update](#) articles.

The federal awards granted to state agencies are subject to reporting requirements that vary based on the type of grant. Guidance related to proper usage and reporting requirements for each of the grants is available from the corresponding federal agency facilitating the grant.

### Coronavirus Relief Fund

The following is an update on the status of the Iowa Coronavirus Relief Fund (ICRF), which received \$1.250 billion in federal funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act on April 20, 2020. As of July 1, 2020, a total of \$615.6 million has been transferred to various programs for addressing costs associated with the COVID-19 pandemic. The current balance in the Fund is \$634.5 million. **Figure 3** provides the revenues and expenditures from the ICRF as of July 1, 2020. Additional information regarding the use and purpose of the funds already transferred is available in *Fiscal Update Article*, [COVID-19 — Iowa Coronavirus Relief Fund](#).

**Figure 3**

<b>Iowa Coronavirus Relief Fund</b>	
<b>Year-to-Date Revenues and Expenses</b>	
As of July 1, 2020	
	FY 2020
<b><u>Revenues</u></b>	
Federal Support (CARES Act)	\$ 1,250,000,000
Interest	33,410
Total	\$ 1,250,033,410
<b><u>Expenditures</u></b>	
<b>Economic Development Authority</b>	
Small Business Disaster Assistance Fund	\$ 70,000,000
AmeriCorps	60,000
Grow Iowa Values Fund	7,000,000
<b>Agriculture &amp; Land Stewardship</b>	
Pass the Pork Program	500,000
Iowa Disposal Assistance Program	903,360
<b>Human Services</b>	
Double Up Food Bucks Program	1,000,000
Commodity Supplemental Foods Program	1,000,000
<b>Homeland Security &amp; Emergency Management</b>	
Feeding Iowans Initiative - Food Banks	1,000,000
<b>Iowa Finance Authority</b>	
Iowa Eviction and Foreclosure Prevention Program	22,000,000
<b>Iowa College Student Aid Commission</b>	
Last Dollar Scholarship Program Fund	5,100,000
<b>Iowa Workforce Development</b>	
Unemployment Insurance Trust Fund	490,000,000
<b>Management</b>	
Economic Emergency Fund	17,000,000
Total	\$ 615,563,360
<b>Balance</b>	\$ 634,470,050

On July 7, 2020, Governor Kim Reynolds announced an allocation of \$50.0 million in funding from the ICRF to be invested in Iowa's mental health care system. This funding has not yet been transferred from the Fund and is therefore not included in Figure 3. The announced \$50.0 million in funding will be allocated to health providers as follows:

- **Mental Health Providers (\$10.0 million) and Substance Use Disorder Providers (\$10.0 million)**
  - This funding will be allocated to Medicaid providers of non-hospital based inpatient and outpatient services to cover increased costs associated with the pandemic.
- **Mental Health and Disability Services Regions (MHDS) (\$30 million)**
  - The State will distribute an equal per capita amount to each MHDS [region](#) (Figure 4) to support ongoing adult and children’s mental health services, including to cover increased service need due to the stressors and isolation associated with the pandemic.

Figure 4

Regional MHDS — \$30.0 Million CARES Act Distribution	
Region	Per Capita Amount
Central Iowa Community Services	\$ 3,217,609
County Rural Offices of Social Services	746,392
County Social Services (CSS)	4,016,726
Eastern Iowa MHDS Region	2,859,080
Heart of Iowa Region	1,011,417
MHDS of the East Central Region	5,700,926
Northwest Iowa Care Connections	608,166
Polk County Health Services	4,631,004
Rolling Hills Community Services Region	1,875,437
Sioux River MHDS	977,217
South Central Behavioral Health Region	747,675
Southeast Iowa Link (SEIL)	1,541,716
Southern Hills Regional Mental Health	278,105
Southwest Iowa MHDS Region	1,788,530
<b>Total</b>	<b>\$ 30,000,000</b>

After the allocation for the mental health system, \$584.5 million remains available to Iowa in ICRF funding. As of July 13, 2020, no additional plans for distribution, or plans for an allocation process have been made public by the Governor. The LSA will continue to monitor information related to the planned use of the funding and will report this information as it becomes available in [Fiscal Update](#) articles.

#### ICRF Spending Guidelines

Provisions of the CARES Act and guidance from the U.S. Department of the Treasury provide direction to states and other grant recipients concerning the qualified uses of the Coronavirus Relief Fund (CRF) grants. The funds can cover costs that are necessary expenditures incurred due to the COVID-19 public health emergency that were not previously accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the period that began March 1, 2020, and ends on December 30, 2020. Any CRF funds that are unobligated as of December 30, 2020, revert back to the federal government.

Necessary expenditures may also include expenditures incurred to allow the states to respond directly to the emergency, such as by addressing medical or public health needs. Necessary expenditures also include those incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures.

The funding cannot be used to backfill the loss of state revenues that have resulted from the economic impacts of COVID-19, but may be used as a cash management tool. For example, changing tax filing

deadlines may cause cash flow issues for states. The U.S. Treasury has indicated that states can use CRF funds essentially as a tax anticipation note to mitigate cash flow issues.

For additional information, see the U.S. Department of the Treasury's [Guidance for State, Territorial, Local, and Tribal Governments](#). (Last updated June 30, 2020)

#### ICRF Spending Authority

The \$1.250 billion allocated to Iowa from the federal CRF was received and is under the administration of the Department of Management. The federal CRF funds that Iowa received were deposited into the ICRF on April 20, 2020. Currently, the Governor of Iowa has the authority to allocate the funds from the ICRF to State programs through [2019 Iowa Acts chapter 134, section 19](#) (2019 Federal Block Grant Act). However, the General Assembly does have the ability to exercise its authority to appropriate from the ICRF to State programs, should it choose to do so.

#### U.S. Department of Treasury CRF Reporting Requirements

The Department of the Treasury Office of Inspector General (OIG) is responsible for monitoring and oversight of the receipt, disbursement, and use of CRF payments. The Treasury OIG also has authority to recover funds in the event that it is determined a recipient of a CRF payment failed to comply with the requirements of subsection [601\(d\)](#) of the Social Security Act, as amended.

Each prime recipient of CRF payments is required to report COVID-19 related costs incurred during the covered period. The covered period is defined as the period beginning March 1, 2020, and ending on December 30, 2020. Each prime recipient is required to report interim and quarterly data and other recipient data according to the requirements set out by the Treasury OIG. Until the quarterly reporting system is operational on September 1, 2020, each prime recipient will follow the interim reporting requirements outlined below:

By no later than July 17, 2020, each prime recipient must report costs incurred during the covered period. For the interim report, the recipient should report totals by the following broad categories:

- Amount transferred to other governments;
- Amount spent on payroll for public health and safety employees; on budgeted personnel and services diverted to a substantially different use; to improve telework capabilities of public employees; on medical expenses; on public health expenses; to facilitate distance learning; to provide economic support; on expenses associated with the issuance of tax anticipation notes; and on other items not listed.

Once the reporting system is operational on September 1, 2020, each prime recipient is required to report COVID-19 related costs on a quarterly basis. Data required to be reported includes, but is not limited to, the following:

- The total amount of payments from the CRF received from the Treasury;
- The amount of funds received that were expended or obligated for each project or activity;
- A detailed list of all projects or activities for which funds were expended or obligated, including:
  - The name of the project or activity
  - A description of the project or activity
- Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient that are greater than \$50,000.

#### **Federal Grant Awards Reported to Non-State Agencies and Local Entities**

Non-state agency federal funds recipients in Iowa have reported federal CARES Act awards totaling \$189.6 million to address a wide variety of expenses related to the COVID-19 pandemic. Of this amount, \$119.2 million has been awarded to local entities, including school districts, local boards of health, county hospitals, community action agencies, and area agencies on aging, to provide direct financial support to communities across the State. **Figure 5** represents the funds awarded to local government recipients



after notification from federal and State agencies that the federal grants are available for expenditure. The numbers will be updated as these entities receive additional notifications of awards.

Figure 5<sup>1</sup>

<b>Federal Grant Awards Reported to Local Entities (As of July 7, 2020)</b>	
Federal Awards	Award Amount
Child Nutrition Programs	\$ 18,844,043
School Emergency Relief Fund	64,389,117
Congregate Meals	600,374
CSBG Community Action Agencies*	566,523
Food And Nutrition Summer Food Service Program	19,944,439
Family Caregiver Funds	318,853
HAVA CARES Act Federal Principle**	625,182
Home Delivered Meals	3,583,551
LIHEAP CARES Act FFY20 Pass Through***	712,029
Public Health Emergency Response	1,317,700
Public Transit Assistance Fund	4,983,021
Rural Hospital Improvement	2,220,429
Food Bank Aging Support	191,414
Aging Supportive Services	869,331
<b>Total</b>	<b>\$ 119,166,006</b>

\*CSBG = Community Services Block Grant

\*\*HAVA = Help America Vote Act

\*\*\*LIHEAP = Low Income Heating and Energy Assistance Program

#### Additional information

The following resources are available for additional information related to federal stimulus funding:

- Department of Management — additional information on the federal stimulus funds awarded to State agencies is available [online](#).
- National Conference of State Legislatures (NCSL) — information on actions taken by other states and territories related to CARES Act funding may be found on the NCSL [website](#).

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The following pages are a detailed spreadsheet (**Awarded COVID-19 Federal Funding to Date**) listing all of the federal awards by State agency.

<sup>1</sup> Note: Awards to small businesses were omitted from State Aid amounts; however, the CARES Child Nutrition Programs award amount includes awards to childcare providers for child nutrition expenses.

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Cherokee Mental Health Institute (Human Services)	Providers Relief Fund	To provide additional funding to help offset costs of providing services during the COVID-19 pandemic.	\$ 59,774
Governor's Office of Drug Control Policy	Coronavirus Emergency Supplemental Funding Program	To assist states, local units of government, and tribes in preventing, preparing for, and responding to the coronavirus emergency.	\$ 5,754,321
Independence Mental Health Institute (Human Services)	Providers Relief Fund	To provide additional funding to help offset costs of providing services during the COVID-19 pandemic.	\$ 52,360
Iowa Department of Agriculture & Land Stewardship	Plant and Animal Disease, Pest Control, and Animal Care	Iowa Swine Depopulation Projects	\$ 266,176
Iowa Department of Cultural Affairs	Promotion of the Humanities Division of Preservation and Access	To support managing the grant program making subawards to Iowa's arts, culture, heritage and humanities organizations.	\$ 465,700
	Promotion of the Humanities Federal/State Partnership	To support arts programs, services, and activities associated with carrying out the agency's National Endowment of the Arts-approved strategic plan, as well as salaries, administration costs, and related subgranting to the nonprofit arts sector in response to the COVID-19 pandemic.	\$ 442,700
Iowa Department of Education	Elementary and Secondary School Emergency Relief Fund	To provide emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across Iowa.	\$ 71,625,561
	Governor's Emergency Relief Fund	To provide emergency block grant funding for educational purposes. The Governor is empowered to decide how best to meet the current needs of students, schools, postsecondary institutions, and other education-related organizations in Iowa, so that faculty continue to teach and students continue to learn.	\$ 26,217,108
	Grants to States	To help the State Library of Iowa prevent, prepare for, and respond to coronavirus, including to expand digital network access, purchase internet access, purchase internet accessible devices, and provide technical support services.	\$ 285,087
	National School Lunch Program	To provide additional funding for the school lunch program in response to the Coronavirus Emergency.	\$ 98,070,209
Iowa Department of Human Rights	Community Services Block Grant	To help communities prevent, prepare for or respond to the Coronavirus Emergency.	\$ 10,821,398
	Low-Income Home Energy Assistance	To help prevent, prepare for, or respond to home energy needs surrounding the national emergency created by the Coronavirus Disease 2019 (COVID-19).	\$ 4,221,430

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Iowa Department of Human Services (Assistance)	Adoption Assistance	To provide increased federal funding to Iowa for adoption assistance payments as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families	\$ 445
	Child Care and Development Block Grant	To provide additional support to childcare providers during the COVID-19 pandemic.	\$ 31,899,093
	Children's Health Insurance Program	To provide increased federal funding to Iowa for the Children's Health Insurance Program as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families First Coronavirus Response Act. The expanded federal support is made effective retroactive to January 1, 2020, the first day of the calendar year quarter in which a public health emergency was declared. The increase is to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. Award amount reflects reported receipts.	\$ 205,389
	Foster Care Title IV-E	To provide increased federal funding to Iowa for foster care maintenance payments as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families First Coronavirus Response Act. The expanded federal support is made effective retroactive to January 1, 2020, the first day of the calendar year quarter in which a public health emergency was declared. The increase is to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. Award amount reflects reported receipts.	\$ 23,316
	Guardianship Assistance	To provide increased federal funding to Iowa for guardian assistance payments as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families First Coronavirus Response Act. The expanded federal support is made effective retroactive to January 1, 2020, the first day of the calendar year quarter in which a public health emergency was declared. The increase is to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. Award amount reflects reported receipts.	\$ -

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Iowa Department of Human Services (Assistance)	Medical Assistance Program	To provide increased federal funding to Iowa for Medicaid as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families First Coronavirus Response Act. The expanded federal support is made effective retroactive to January 1, 2020, the first day of the calendar year quarter in which a public health emergency was declared. The increase is to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. Award amount reflects reported receipts.	\$ 9,687,647
	Money Follows the Person Rebalancing Demonstration	To provide increased federal funding to Iowa for the Money Follows the Person (MFP) Partnership for Community Integration Project as a result of a percentage point increase in the federal medical assistance percentage (FMAP) authorized by the Families First Coronavirus Response Act. The expanded federal support is made effective retroactive to January 1, 2020, the first day of the calendar year quarter in which a public health emergency was declared. The increase is to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. Award amount reflects reported receipts.	\$ -
	Stephanie Tubbs Jones Child Welfare Services Program	To provide additional support for child welfare services during the Coronavirus Emergency.	\$ 476,722
Iowa Department of Human Services (Field Operations)	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	To provide additional support for refugee services in response to the Coronavirus Emergency.	\$ 248,496
Iowa Department of Human Services (General Administration)	Emergency Food Assistance Program (Administrative Costs)	To provide temporary additional funding for the administration of the commodity (food assistance) program in response to the Coronavirus Emergency.	\$ 735,827
	Emergency Food Assistance Program (Administrative Costs)	To reimburse Food Bank additional administration expenses related to the Coronavirus Emergency.	\$ 1,103,741
Iowa Department of Management	Coronavirus Relief Fund	To assist covering necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); where expenditures were not accounted for in the budget most recently approved as of March 27, 2020 for the State of Iowa; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.	\$ 1,250,000,000

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Iowa Department of Public Health	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	To provide support for crisis intervention services, mental and substance abuse disorder treatment, and other related intervention services during the Coronavirus Emergency.	\$ 2,000,000
	Epidemiology and Laboratory Capacity For Infectious Diseases (ELC)	To establish or enhance the ability to identify cases, conduct contact tracking and follow up, as well as implement containment measures, improve morbidity and mortality surveillance, enhance testing capacity, control COVID-19 in high-risk settings, and work with healthcare systems to manage and monitor system capacity.	\$ 102,277,804
	Epidemiology and Laboratory Capacity For Infectious Diseases (ELC)	To establish or enhance the ability to identify cases, conduct contact tracking and follow up, as well as implement containment measures, improve morbidity and mortality surveillance, enhance testing capacity, control COVID-19 in high-risk settings, and work with healthcare systems to manage and monitor system capacity.	\$ 7,053,143
	HIV Care Formula Grants	To assist in accessing HIV care and treatment for low-income people living with HIV during the Coronavirus Emergency.	\$ 173,373
	Immunization Cooperative Agreements	Awarded under the Immunization and Vaccines for Children program, whose purpose is to support efforts to plan, develop, and maintain a public health workforce that helps assure high immunization coverage levels, low incidence of vaccine-preventable diseases, and maintain or improve the ability to respond to public health threats.	\$ 1,060,853
	National Bioterrorism Hospital Preparedness Program	To support hospitals, health systems, health care coalitions, emergency medical services (EMS), Ebola treatment centers, and health care workers to help them identify, isolate, assess, transport, and treat COVID-19 patients; and to prepare these entities for future special pathogen disease outbreaks. Recipients may request retroactive compensation for HCCs & health care facilities, including special pathogen treatment centers dating back to 1/20/2020.	\$ 2,464,248
	National Center for Injury Prevention and Control	To provide financial support to students at Indian Hills Community College who identify as pregnant and/or parenting students, to help with tuition, books, and fees.	\$ 33,588

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Iowa Department of Public Health	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	To carry out surveillance, epidemiology, laboratory capacity, infection control, mitigation, communication, and other preparedness and response activities in response to the Iowa Public Health Crisis.	\$ 6,347,829
	Small Rural Hospital Improvement Grant Program	To support rural hospitals with increased demands for clinical services and equipment, and short-term financial and workforce challenges related to patients seeking care at their facilities due to COVID-19. 100% of funds will pass through to hospitals.	\$ 7,588,530
Iowa Department of Transportation	Federal Transit Formula Grants	To assist public transit organizations prevent, prepare for, and respond to coronavirus. Projects included in this grant are only operations, planning and/or capital projects, with no substantial functional, location, or capacity change.	\$ 33,288,313
Iowa Department on Aging	National Family Caregiver Support, Title III, Part E	To pay for direct support professionals, caregivers trained to help w/ ADLs, to assist disabled individuals in response to the Coronavirus Emergency.	\$ 993,985
	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	To provide home and community based services in response to the Coronavirus Emergency.	\$ 1,959,577
	Special Programs for the Aging, Title III, Part C, Nutrition Services	To provide meals in a congregate setting in response to the Coronavirus Emergency.	\$ 783,831
	Special Programs for the Aging, Title III, Part C, Nutrition Services	To provide meals via home delivery (including drive-thru, To Go) in response to the Coronavirus Emergency.	\$ 6,270,645
	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	To provide additional funding for expanding care transitional support for at-risk populations in response to the Coronavirus Emergency.	\$ 450,000
	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	To provide additional support to long term care ombudsman activity in response to the Coronavirus Emergency.	\$ 195,958

## Awarded COVID-19 Federal Funding to Date (July 7, 2020)

State Department	Federal Program Title	Award Description	Sum of Award Amount
Iowa Homeland Security and Emergency Management Department	Emergency Performance Management Grant	Fiscal Year 2020 Emergency Management Performance Grant Program COVID-19 Supplemental (EMPG-S) to assist with public health and emergency management activities supporting the prevention of, preparation for, and response to the ongoing Coronavirus Disease 2019 (COVID-19) public health emergency, in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Div. B (Pub. L. No. 116-136)	\$ 1,320,520
Iowa Office of the Secretary of State	2018 HAVA Election Security Grants	To improve the administration of elections, and enhance technology and make certain election security improvements in response to the COVID-19 pandemic and its impact on primaries and the general election.	\$ 4,843,615
Iowa Workforce Development	Unemployment Insurance	Pandemic Emergency Unemployment Compensation	\$ 4,249,000
	Unemployment Insurance	Pandemic Unemployment Assistance	\$ 39,539,000
	Unemployment Insurance	To provide additional funding for unemployment administration during the Coronavirus Emergency.	\$ 10,053,959
	Unemployment Insurance	To provide additional unemployment funding for claimants in response to the Coronavirus Pandemic.	\$ 1,150,000,000
<b>Grand Total</b>			<b><u><u>\$ 2,895,610,271</u></u></b>

## General Fund Revenues

Figure 6

General Fund Revenues, March 19 to July 2				
Dollars in Millions				
Tax Item	2019	2020	\$ Change	% Change
Withholding	\$ 1,062.8	\$ 1,058.0	\$ -4.8	-0.5%
Estimate Payments	172.8	144.9	-27.9	-16.1%
Payments with Returns	435.6	97.0	-338.6	-77.7%
<b>Individual Income Tax</b>	<b>\$ 1,671.2</b>	<b>\$ 1,299.9</b>	<b>\$ -371.3</b>	<b>-22.2%</b>
Sales/Use Tax	879.5	841.8	-37.7	-4.3%
Corporate Income Tax	351.5	231.8	-119.7	-34.1%
Other Taxes	133.1	120.9	-12.2	-9.2%
<b>Total Taxes</b>	<b>\$ 3,035.3</b>	<b>\$ 2,494.4</b>	<b>\$ -540.9</b>	<b>-17.8%</b>
<b>Tax Refunds</b>				
Cash Refunds				
Individual Income Tax Refunds	\$ -586.5	\$ -523.7	\$ 62.8	-10.7%
Sales/Use Tax Refunds	-18.3	-21.0	-2.7	14.8%
Corporate Income Tax Refunds	-29.7	-16.4	13.3	-44.8%
Other Refunds	-2.3	-2.6	-0.3	13.0%
<b>Total Cash Refunds</b>	<b>\$ -636.8</b>	<b>\$ -563.7</b>	<b>\$ 73.1</b>	<b>-11.5%</b>
<b>School Infrastructure Refunds</b>	<b>\$ -167.8</b>	<b>\$ -168.8</b>	<b>\$ -1.0</b>	<b>0.6%</b>
<b>Net General Fund Taxes</b>	<b>\$ 2,230.7</b>	<b>\$ 1,761.9</b>	<b>\$ -468.8</b>	<b>-21.0%</b>

**Figure 6** provides a breakdown of major revenue and refund sources. The data used to develop the table includes State tax deposits and tax refunds issued from March 19 through July 2 for calendar years 2019 and 2020. Over that time frame, net State General Fund tax revenue declined \$468.8 million and 21.0% year-over-year. Much of the significant decrease experienced over the time frame resulted not from the business closures, job losses, and other impacts of COVID-19, but instead from the tax due date delays.

Some portion of the revenue reduction experienced between mid-March and the end of July will be a real reduction in tax collections, while some portion will be the result of tax due date delays initiated by the State in response to the COVID-19 outbreak. It will not be until the delayed tax payments have been deposited that the economic impact of recent events can be reasonably calculated. The following discusses significant impacts by tax type displayed in **Figure 6**.

### Individual Income Tax Withholding — Slight decrease.

Revenues have decreased by a modest 0.5% compared to the same dates last year. The single factor keeping withholding tax revenue from experiencing a more significant decrease over the same period has been the transfer of income tax withholding received from Unemployment Insurance payments, which has provided an additional \$53.2 million for the State General Fund when compared to last year.

### Individual Income Tax Estimate Payments — Various factors impacting payments.

Estimate payment deposits are due on a quarterly basis for taxpayers with income sources that are subject to State income taxation but not subject to income tax withholding. The estimate payment for the first quarter of 2020 was due on April 30. A Department of Revenue (IDR) [order](#) providing a temporary alternative method of calculating the minimum amount of an estimate payment may have caused the first quarter reduction, or the reduction may have been the result of taxpayers adjusting payments to reflect lower tax year 2020 income expectations.



**Individual Income Tax Payments with Returns — Delayed, but not impacted.**

The IDR’s [order](#) issued on March 19, 2020, delayed the due date for tax year 2019 individual income tax final payments from April 30, 2020, to July 31, 2020. Traditionally, the State has received a large influx of these payments starting around April 15. This year, the payment deposits were limited; this is likely a result of the due date delay. Since the payments represent tax year 2019 activity, the revenue reduction is not the result of the recent economic situation.

**Sales/Use Tax — Showing weakness.**

Revenues have decreased by 4.3% compared to the same dates last year. The negative tax revenue consequences of the business closures, restrictions on gathering, and other aspects of the pandemic, combined with the IDR’s withholding and sales tax remittance deferral program, are likely to increase in the coming weeks and months.

**Corporate Income Tax — Delayed, but not impacted yet.**

The IDR’s order issued on March 19, 2020, delayed the due date for tax year 2019 corporate income tax final payments from April 30, 2020, to July 31, 2020. Since the payments represent tax year 2019 activity, the revenue reduction is not the result of the recent economic situation.

**Iowa Economic Indicator Data**

**Iowa Unemployment Applications — Unprecedented levels.**

The July 2, 2020, Department of Labor (DOL) report shows continued elevated initial unemployment claim counts at both the State and national levels, with a U.S. year-over-year increase in initial claims of 474.5% and an Iowa increase of 306.0%. As expected, the substantial increase in initial claims reported since mid-March has produced a large increase in continued claims for the week ending July 4, 2020, when compared to the same week last year. National continued claims increased 942.9% compared to the same week last year, while Iowa continued claims increased 841.3%.

**Figure 7** provides U.S. and Iowa initial and continued claims numbers for the most recent report week as well as the previous week and the same week last year. Please note that the claims reported are actual claims numbers and have not been seasonally adjusted. The initial claims numbers represent preliminary (advanced) reporting and the numbers are subject to revision the following week. In many instances, the preliminary number is revised lower one week later. The pre-COVID-19 Iowa initial claims record (14,603) occurred in December 2001.

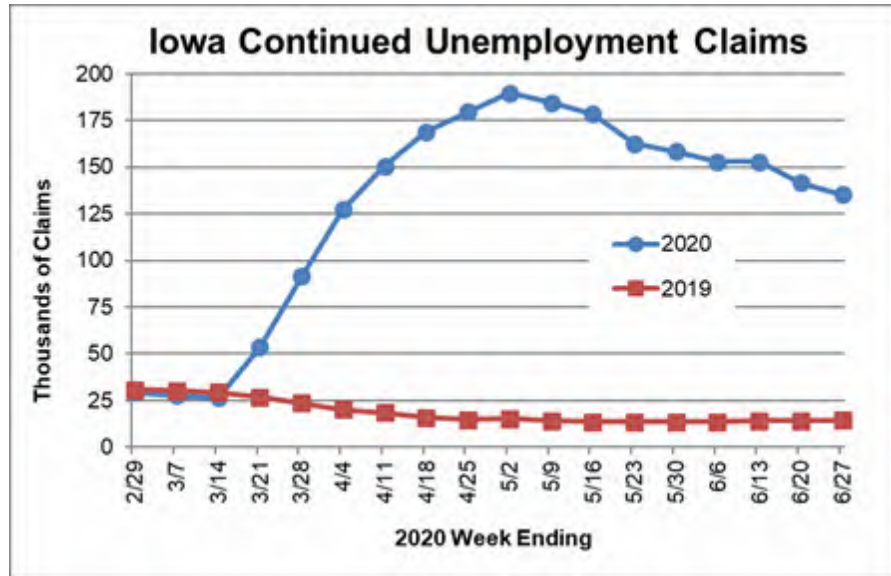
**Figure 7**

<b>Weekly Continued Claims</b> Week ending 6/27/2020		<b>Weekly Initial Claims</b> Week ending 7/4/2020	
Time Period	U.S. Continued Claims	Time Period	U.S. Initial Claims
Last Year	1,610,633	Last Year	243,621
Last Week	17,427,940	Last Week	1,431,343
This Week	16,797,353	This Week	1,399,699
Time Period	Iowa Continued Claims	Time Period	Iowa Initial Claims
Last Year	14,360	Last Year	2,635
Last Week	141,748	Last Week	7,732
This Week	135,177	This Week	10,698

Claim numbers are not seasonally adjusted.

**Figure 8** displays the number of Iowa continued claims over the past 17 weeks for 2019 and 2020. Iowa continued claims have declined over the past six weeks. The decline in continued claims over the last seven weeks totals 54,466. Continued claims for the week ending June 27, 2020, exceeded claims for the week ending June 29, 2019, by 120,817 claims. The pre-COVID-19 Iowa continued claims record (68,112) occurred in January 2010.

**Figure 8**



**Other Fund Revenues**

**Figure 9**

Other Fund Taxes	FY 2019	FY 2020	\$ Change	% Change
Gambling Tax	\$ 94.0	\$ 29.4	\$ -64.6	-68.7%
Fuel Tax	236.5	213.2	-23.3	-9.9%
Vehicle Sales Tax	105.6	83.2	-22.4	-21.2%
Cigarette/Tobacco Tax	59.0	61.2	2.2	3.7%
Miscellaneous Other Taxes	22.1	19.2	-2.9	-13.1%
Tax Refunds	-18.0	-15.4	2.6	-14.4%
<b>Total Other Fund Taxes</b>	<b>\$ 499.2</b>	<b>\$ 390.8</b>	<b>\$ -108.4</b>	<b>-21.7%</b>

**Gambling Tax — Slightly exceeded 2019 since reopening.**

The Governor’s March 17, 2020, order temporarily closed Iowa’s State-regulated gambling casinos. The \$64.6 million reduction in gambling tax revenue is a direct result of this action (**Figure 9**). Casinos reopened at 50.0% capacity on June 1, 2020. The 50.0% capacity restriction was lifted on June 10, 2020. Four weekly deposits have been made since the industry began reopening, totaling \$23.2 million. Deposits on similar dates in 2019 totaled \$22.4 million, an increase of \$0.8 million.

**Vehicle Sales Tax (Fee for New Registration) — \$22.4 million below FY 2019.**

June 10, 2020, was the due date for counties to remit the tax collected from the sale of vehicles, which is paid by vehicle purchasers when the vehicle is registered. That deposit represents vehicles registered in May 2020. The June 10 deposit in 2020 was \$28.0 million, while the same deposit in 2019 was \$37.6 million.

**NCSL — State Actions to Close Budget Shortfalls Database**

The National Conference of State Legislatures (NCSL), with support from the Pew Charitable Trusts, has created a [new database](#) detailing revenue-increasing and budget-cutting measures states are taking to close the gap in state revenue collections due to the COVID-19 pandemic. The database relies on government sources and media outlet coverage of the revenues and budgets in each state. Information is updated daily that covers actions that are enacted, ordered, or proposed by policy makers. The database illustrates cuts by budget areas, revenue increases by source, or reserve fund transfers. The following is a brief summary of actions taken by contiguous states:

- **Illinois** — The Governor signed a \$42.9 billion budget on June 10, 2020. The budget is 7.5% higher than the FY 2020 budget but relies on billions of dollars in federal assistance that has yet to be approved, and authorizes borrowing of up to \$5.0 billion from the federal COVID-19 relief fund if the grant funding is not provided.
- **Kansas** — The Governor is implementing a plan to cut approximately \$700.0 million from the state budget by reducing spending, delaying loan payments, and taking advantage of other one-time savings. The plan avoids general operations reductions to state agencies. Several items may need to be approved by the legislature when it returns in January.
- **Minnesota** — The Governor is preparing to call a second special session to deal with issues related to the budget, federal COVID-19 funding, and police reform. The first special session ended on June 20, 2020, with the Democrat House and the Republican Senate failing to send any legislation to the Governor.
- **Missouri** — The Governor signed a \$35.3 billion budget on June 30. The budget cut \$448.0 million from the FY 2021 budget due to the economic downturn. The cuts were on top of \$430.0 million in withholdings from the FY 2020 budget. Budget reductions mainly targeted public schools, colleges, and universities.
- **Nebraska** — The legislature is in recess and the Governor and legislative leadership are monitoring economic conditions in the state. The legislature is set to resume on July 20, 2020, and may need to adjust spending levels.
- **South Dakota** — South Dakota is anticipating state revenues for FY 2020 will finish the year on target and that any shortfalls could be covered by various reversions. The state is using COVID-19 funding to fill in gaps where necessary.
- **Wisconsin** — The legislature has adjourned for the year and the Governor does not anticipate needing a special session at this time to address any budget shortfalls.

**Additional Iowa-Related Information**

Revenue Estimates website: [www.legis.iowa.gov/publications/fiscal/quarterlyRevenueEstimate](http://www.legis.iowa.gov/publications/fiscal/quarterlyRevenueEstimate)

Iowa Economic Trends website: [www.legis.iowa.gov/publications/fiscal/economicTrends](http://www.legis.iowa.gov/publications/fiscal/economicTrends)

COVID-19 Analysis and Resources website:  
[www.legis.iowa.gov/publications/information/covid19Resources](http://www.legis.iowa.gov/publications/information/covid19Resources)

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# State Budget Update

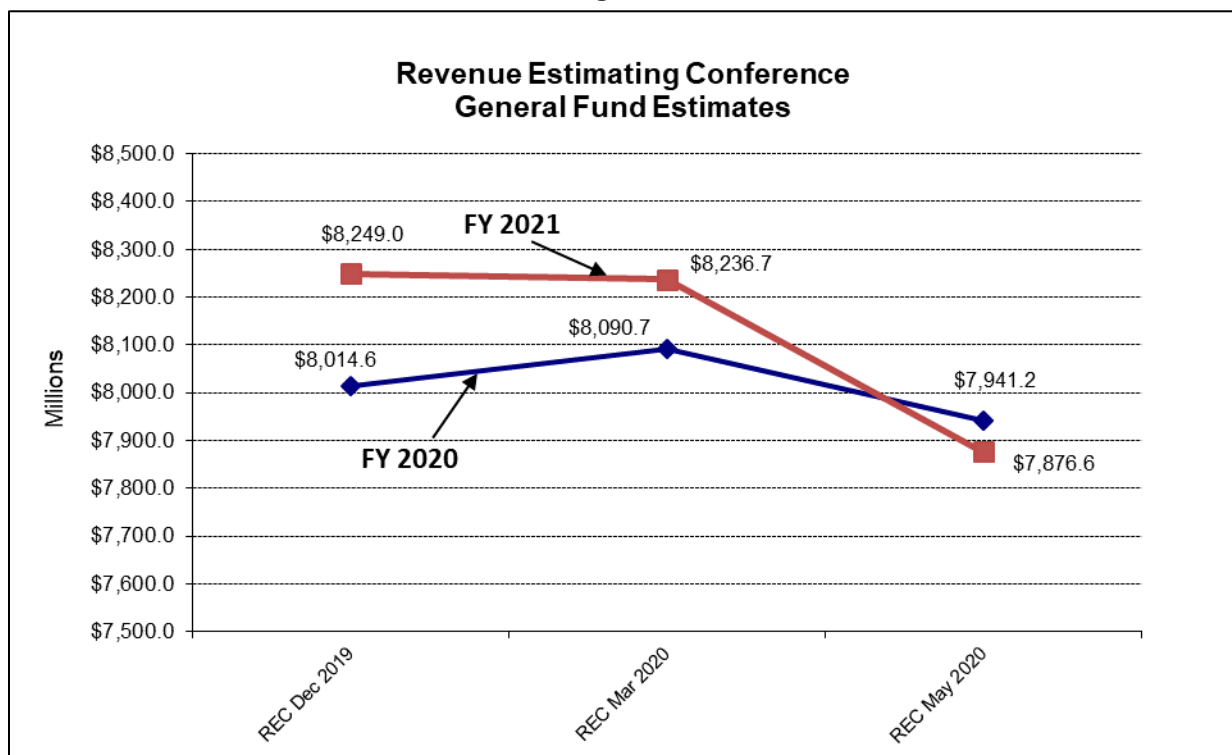
The 2020 Legislative Session proved to be a unique and challenging session because of the COVID-19 pandemic. Due to concerns over COVID-19, the General Assembly recessed the Legislative Session on March 17, 2020, for approximately two and a half months. The Session was resumed on June 3, and the General Assembly adjourned the 2020 Legislative Session on June 14.

The Revenue Estimating Conference (REC) met in December 2019 and March 2020 prior to the economic slowdown brought on by the COVID-19 pandemic. The REC met for a third time on May 29, 2020, to revise the FY 2020 and FY 2021 revenue estimates to incorporate potential impacts of the economic crisis.

Despite the challenges associated with declining State tax revenues that stemmed from the economic slowdown, the 2020 General Assembly passed a balanced budget for FY 2021 and revised the FY 2020 General Fund budget. The information below provides a summary of the status of the State's General Fund budget for FY 2020 and FY 2021.

**Revenue Estimating Conference (REC).** The REC met on May 29, 2020, and lowered the FY 2020 and FY 2021 revenue estimates by 1.8% and 4.4%, respectively. This represents revenue reductions of \$149.5 million for FY 2020 and \$360.1 million for FY 2021, compared to the FY 2021 March estimates (**Figure 10**).

**Figure 10**



The REC also lowered the FY 2020 State wagering tax revenue estimate by \$72.9 million (a reduction of 24.3%) due to the mandatory closure of Iowa’s 19 casinos in response to the COVID-19 pandemic. The reduced revenue caused the Rebuild Iowa Infrastructure Fund (RIIF) budget to have an estimated shortfall of \$68.2 million.

**Fiscal Year 2020 Budget.** The total resources available for the FY 2020 General Fund budget are estimated at \$8.132 billion. This includes the May REC estimate of \$7.941 billion, revenue adjustments passed by the 2020 General Assembly of negative \$4.5 million, and a carryforward balance of \$195.6 million.

In addition, the General Assembly passed supplemental appropriations totaling \$185.6 million for FY 2020 (**Figure 11**), which included a \$70.0 million appropriation to the RIIF to eliminate the estimated shortfall in the Fund, due to the mandatory closure of the casinos. Other significant supplemental appropriations included \$89.0 million for the Medicaid program and \$21.0 million to assist local governments with flood mitigation. The General Fund ending balance for FY 2020 is estimated at \$312.9 million.

**Figure 11**

<b>FY 2020 General Fund Supplemental Appropriations</b>		
<b>(In Millions)</b>		
<u>Bill Number</u>		<u>Enacted FY 2020</u>
SF 2408	Human Services - Medicaid	\$ 89.0
HF 2642	Appropriation to RIIF	70.0
SF 2144	Flood Mitigation	21.0
HF 2643	Public Safety - Overtime	2.4
SF 2408	State Children's Health Insurance	1.7
SF 2408	Human Services - Glenwood Supplemental	0.6
SF 2408	Regents - University of Iowa Hygenic Lab	0.5
SF 2144	Human Services - Glenwood Supplemental	0.3
	<b>Total</b>	<b>\$ 185.6</b>

\*Numbers may not equal totals due to rounding.

**Fiscal Year 2021 Budget.** The total resources available for the FY 2021 General Fund budget are estimated at \$8.102 billion, which is a reduction of \$30.5 million (0.4%) compared to revised FY 2020. This includes the May REC estimate of \$7.877 billion, net revenue adjustments passed by the 2020 General Assembly of negative \$39.1 million, and a carryforward balance of \$264.3 million. The expenditure limitation for FY 2021 was \$8.023 billion, which is 99.0% of the total available resources.

The General Assembly appropriated a total of \$7.779 billion from the General Fund for FY 2021, which is a reduction of \$45.9 million (0.6%) compared to the revised FY 2020 appropriations after factoring in the supplemental appropriations. The FY 2021 appropriations are also \$244.4 million below the expenditure limitation. The General Fund ending balance for FY 2021 is estimated at \$328.3 million (**Figure 12**).

The General Assembly passed [HF 2641](#) (Department of Revenue Omnibus Bill), which is estimated to reduce General Fund revenues by a net total of \$41.9 million in FY 2021 (**Figure 13**). The Bill reduces revenues from personal and corporate income taxes and the State sales/use tax.

Figure 12

<b>State of Iowa</b>			
<b>Projected Condition of the General Fund</b>			
(In Millions)			
	Actual FY 2019	Revised FY 2020	Enacted FY 2021
<b>Resources</b>			
Receipts (Mar 2019 Est)	\$ 7,858.9	\$ 8,090.7	\$ 8,236.7
May REC Adjustment	0.0	- 149.5	- 360.1
Net Receipts	<u>7,858.9</u>	<u>7,941.2</u>	<u>7,876.6</u>
Revenue Adjustments	0.0	- 4.5	- 39.1
Subtotal Receipts	<u>7,858.9</u>	<u>7,936.7</u>	<u>7,837.5</u>
Surplus Carryforward	71.0	195.6	264.3
<b>Total Available Resources</b>	<u>\$ 7,929.9</u>	<u>\$ 8,132.3</u>	<u>\$ 8,101.8</u>
<b>Expenditure Limitation</b>			<b>\$ 8,022.9</b>
<b>Appropriations and Expenditures</b>			
Appropriations	\$ 7,480.2	\$ 7,642.6	\$ 7,778.5
Adjustment to Standing Appropriations	- 2.8	- 3.8	0.0
Supplemental/Deappropriations	<u>168.6</u>	<u>185.6</u>	<u>0.0</u>
<b>Total Appropriations</b>	<u>\$ 7,646.0</u>	<u>\$ 7,824.4</u>	<u>\$ 7,778.5</u>
Reversions	- 5.4	- 5.0	- 5.0
<b>Net Appropriations</b>	<u>\$ 7,640.6</u>	<u>\$ 7,819.4</u>	<u>\$ 7,773.5</u>
<b>Ending Balance - Surplus</b>	<u>\$ 289.3</u>	<u>\$ 312.9</u>	<u>\$ 328.3</u>
<b>Under (Over) Expenditure Limitation</b>			<u>\$ 244.4</u>

Figure 13

<b>General Fund Revenue Adjustments by Act</b>			
(In Millions)			
Act No.	Description	Enacted	
		FY 2020	FY 2021
HF 760	Hotel and Motel Local Sales Tax	\$ 0.0	\$ 2.7
HF 2340	529 Plan Out-of-State Private Schools	0.0	- 0.2
HF 2641	Department of Revenue Omnibus Act	- 4.5	- 41.9
SF 457	Criminal Surcharge and Court Fee Reform	0.0	0.3
<b>Total Revenue Adjustments</b>		<u>\$ - 4.5</u>	<u>\$ - 39.1</u>

**Significant General Fund Appropriations.** For FY 2021, there were numerous increases and decreases for State agencies and programs (**Figure 14**). The two programs that received the largest increases were State Foundation School Aid and the State Children’s Health Insurance (Hawki) Program. [Senate File 2142](#) (Supplemental State Aid Act) was signed into law on March 12, 2020, and increased the State cost per pupil (SCPP) by 2.3%. The increase in the SCPP, along with adjustments to State Foundation School Aid in other legislation, resulted in a net increase in the General Fund State Foundation School Aid appropriation of \$91.3 million (2.8%) compared to the funding for FY 2020. The Hawki Program received an increase of \$16.5 million (78.2%), which reflects the Hawki Forecasting Group’s estimate for the Program from its meeting held on May 22, 2020.

The increases were offset by appropriations reductions. The three largest reductions included two one-time appropriations made in FY 2020 that included \$21.0 million for flood mitigation assistance to local governments and the \$70.0 million supplemental appropriation to eliminate the projected budget shortfall in the RIIF. The third significant reduction was the appropriation for Medicaid which was also reduced by \$56.8 million for FY 2021 primarily due to an increase of 6.2% in the Federal Medical Assistance Percentage (FMAP).

The majority of the FY 2021 General Fund appropriations for State programs’ and agencies’ operations were status quo compared to FY 2020.

**Figure 14**

<b>Significant Changes to General Fund Appropriations</b>				
<b>(In Millions)</b>				
<b>Programs/Appropriations</b>	<b>Est Net FY 2020</b>	<b>Enacted FY 2021</b>	<b>Change</b>	<b>Percent Change</b>
State Foundation School Aid	\$ 3,285.4	\$ 3,376.8	\$ 91.3	2.8%
Human Services – State Children's Health Insurance	21.1	37.6	16.5	78.2%
Education – Transportation Equity Fund	11.2	19.0	7.8	69.6%
Human Services – Eldora Training School	13.9	16.0	2.1	15.1%
Public Safety – Overtime	2.4	0.0	-2.4	-100.0%
Regents Institutions	576.7	569.0	-7.7	-1.3%
Flood Recovery Assistance	21.0	0.0	-21.0	-100.0%
Medical Assistance (Medicaid)	1,516.4	1,459.6	-56.8	-3.7%
Appropriation to RIIF	70.0	0.0	-70.0	-100.0%
Subtotal	<u>\$ 5,518.1</u>	<u>\$ 5,478.0</u>	<u>\$ -40.1</u>	<u>-0.7%</u>
All Other Net Appropriations	2,306.2	2,300.5	-5.7	-0.2%
Total	<u>\$ 7,824.4</u>	<u>\$ 7,778.5</u>	<u>\$ -45.9</u>	<u>-0.6%</u>

\*Numbers may not equal totals due to rounding.

**State Reserve Funds.** The combined balances in the State’s reserve funds are estimated to total \$783.7 million for FY 2021, which fills the reserves to the statutory maximum of 10.0% of the adjusted revenue estimate.

Figure 15

<b>State of Iowa Reserve Funds</b>			
(In Millions)			
	Actual	Est Net	Enacted
<u>Reserve Fund Balances</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Cash Reserve Fund	\$ 571.6	\$ 587.9	\$ 587.8
Economic Emergency Fund	185.6	196.0	195.9
<b>Total</b>	<b>\$ 757.2</b>	<b>\$ 783.9</b>	<b>\$ 783.7</b>
<u>Reserve Fund Statutory Maximums</u>			
Cash Reserve Fund	\$ 571.6	\$ 587.9	\$ 587.8
Economic Emergency Fund	190.5	196.0	195.9
<b>Total</b>	<b>\$ 762.1</b>	<b>\$ 783.9</b>	<b>\$ 783.7</b>

**Taxpayer Relief Fund.** The Taxpayer Relief Fund is estimated to have a balance totaling \$105.9 million in FY 2021 (**Figure 16**). The Fund has an estimated carryforward balance of \$73.8 million and is estimated to receive an additional \$32.1 million from the FY 2020 General Fund surplus. The moneys in the Taxpayer Relief Fund can only be spent pursuant to an appropriation by the General Assembly for purposes of providing tax relief to Iowans.

Figure 16

<b>Taxpayer Relief Fund</b>			
(In Millions)			
	Actual	Estimated	Enacted
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Funds Available</b>			
Balance Brought Forward	\$ 8.4	\$ 13.5	\$ 73.8
General Fund Surplus Transfer	13.4	60.0	32.1
Interest	0.1	0.3	0.0
<b>Total Funds Available</b>	<b>\$ 21.9</b>	<b>\$ 73.8</b>	<b>\$ 105.9</b>
<b>Expenditures</b>			
Transfer to the General Fund	\$ -8.4	\$ 0.0	\$ 0.0
<b>Ending Balance</b>	<b>\$ 13.5</b>	<b>\$ 73.8</b>	<b>\$ 105.9</b>

[House File 2642](#) (FY 2021 Infrastructure Appropriations Act) includes a provision that changed the allocation of funds directed to the Taxpayer Relief Fund in FY 2021. Under current law, the Taxpayer Relief Fund can receive an allocation from the previous fiscal year's General Fund surplus after the two State reserve funds reach the maximum statutory balance equal to 10.0% of the adjusted revenue estimate. Once the reserve funds reach the maximum limit, the Taxpayer Relief Fund can receive a portion of the remaining surplus funds. The amount that the Taxpayer Relief Fund can receive is equal to the difference between the actual net General Fund revenue of the preceding fiscal year and the adjusted revenue estimate used in establishing the budget for that fiscal year.

Division V of HF 2642 changed this provision for FY 2021, and allocates the surplus funds in excess of the reserve fund balances as follows:

- The first \$70.0 million is to be transferred to the General Fund.



- An amount equal to the difference between the actual net General Fund revenue and the adjusted revenue estimate for FY 2020, less the first \$70.0 million, is to be transferred to the Taxpayer Relief Fund.
- The remainder of any surplus funds is to be transferred to the General Fund.

The change made in HF 2642 is only applicable to FY 2021. Beginning in FY 2022, the allocation of funds returns to current statute.

**Rebuild Iowa Infrastructure Fund.** The majority of the revenue deposited in the Rebuild Iowa Infrastructure Fund (RIIF) is derived from State wagering taxes and fees collected from Iowa’s 19 licensed casinos. On March 17, 2020, the Governor ordered the casinos to be closed due to the COVID-19 pandemic. The casinos remained closed until June 1, 2020. Because of the closures, the estimated State wagering tax revenues to the RIIF for FY 2020 were decreased by \$69.1 million, resulting in a projected shortfall of \$68.2 million in the RIIF (**Figure 17**). To bring the Fund back into balance, the General Assembly provided a supplemental appropriation in FY 2020 of \$70.0 million from the General Fund.

**Figure 17**

<b>Rebuild Iowa Infrastructure Fund</b>				
(In Millions)				
	Actual FY 2019	FY 2020		Enacted FY 2021
		Estimated	Revised	
<b>Funds Available</b>				
Balance Brought Forward	\$ 10.9	\$ 10.9	\$ 10.9	\$ 1.8
State Wagering Taxes and Fees	163.3	159.8	159.8	138.6
Wagering Tax Reduction due to COVID-19	0.0	-69.1	-69.1	0.0
Interest	15.7	16.0	16.0	17.0
Tobacco Payments	10.9	10.9	10.9	10.8
Tobacco Litigation Settlement Payments	2.2	2.2	2.2	2.2
General Fund Appropriation	0.0	0.0	70.0	0.0
<b>Total Funds Available</b>	<b>\$ 203.0</b>	<b>\$ 130.7</b>	<b>\$ 200.7</b>	<b>\$ 170.4</b>
<b>Appropriations</b>	<b>\$ 193.7</b>	<b>\$ 198.9</b>	<b>\$ 198.9</b>	<b>\$ 170.3</b>
Reversions	-1.5	0.0	0.0	0.0
<b>Ending Balance</b>	<b>\$ 10.9</b>	<b>\$ -68.2</b>	<b>\$ 1.8</b>	<b>\$ 0.1</b>

\*Numbers may not equal totals due to rounding.

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# Subcommittee Issue Update

The following sections highlight budget issues and topics related to appropriations subcommittees. Please consult the Fiscal Services Division [staff directory](#) to contact the Division with questions or for additional information.

## **Governor Reynolds Signs Executive Order 6 Establishing the Governor's Economic Recovery Advisory Board**

**Executive Order.** Governor Kim Reynolds signed [Executive Order 6](#) on June 18, 2020, establishing the Economic Recovery Advisory Board. The Board serves as the central point of coordination for State activities related to the recovery and rebuilding efforts following the COVID-19 pandemic.

**Board.** The Board consists of a chairperson, the State's Chief Economist, Robin Anderson, and additional members appointed by the Governor. Each appointed member serves at the pleasure of the Governor and without compensation. The Governor made the following initial appointments:

- Ben McLean, Chief Executive Officer (CEO) of Ruan Transportation Management Systems (Advisory Board Chairperson)
- Nick Bowdish, President and CEO of Elite Octane
- Mary Andringa, Chairperson of the Board of Vermeer Manufacturing
- Randy Edeker, CEO of Hy-Vee
- Rosalind Fox, Factory Manager at John Deere
- Suresh Gunasekaran, CEO of University of Iowa Hospitals and Clinics
- Dan Houston, Chairperson, President, and CEO of Principal Financial Group
- A.J. Loss, CEO of Bush Construction
- Megan McKay, President of Peace Tree Brewing Company
- Emily Schmitt, General Counsel of Sukup Manufacturing
- Barbara Sloniker, Executive Vice President of the Siouxland Chamber of Commerce
- Adam Wright, President and CEO of MidAmerican Energy Company
- Diane Young, Director of Technical Services/Owner of Foundation Analytical Laboratory

**Working Groups.** The Governor has appointed working groups to assist the Board in coordinating a comprehensive recovery and growth effort. The chairpersons of the working groups and any other additional members the Governor appoints serve at the pleasure of the Governor and without compensation. Each working group will provide weekly reports on progress, and an electronic vote was completed July 8, 2020, accepting the identified charge of each working group. The following seven working groups have been established with individuals named to lead each group:

- Agriculture - Secretary Mike Naig, Nick Bowdish, and Diane Young
- Connectivity - Director Annette Dunn and Dan Houston,
- Economic Growth - Director Debi Durham, Adam Wright, and Megan McKay, and the following subgroups:
  - Hospitality and Tourism
  - Housing
  - Innovation
  - Manufacturing
  - Supply Chain/Reshoring
- Education - Director Ann Lebo and Rosalind Fox
- Government - Director Kraig Paulsen, Barbara Sloniker, and Emily Schmitt
- Public Health and Healthcare - Director Kelly Garcia, Randy Edeker, and Suresh Gunasekaran
- Expanding Iowa's Workforce - Director Beth Townsend, Mary Andringa, and A.J. Loss

**Meetings.** The Board will hold public meetings as scheduled by the chairperson of the Board. The next meeting of the Advisory Board is scheduled for July 24, 2020, by teleconference.

**Website.** An [Economic Recovery website](#) has been developed and will provide the following:

- Board membership and Working Group leadership.
- Updates on Board activity and meeting schedules.
- Posting of any documents presented during Board meetings.
- Posting of agendas.
- An opportunity to submit an economic recovery idea.

**Staff and Support.** Staffing and administrative assistance for the Board will be provided by the Office of the Governor and by other agencies, persons, or organizations as deemed necessary or appropriate by the Board or the Office of the Governor.

**Deadline.** A deadline of October 6, 2020, has been established for final recommendations to be provided to the Governor.

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**Agriculture and Natural Resources**

**State Parks.** As of June 15, 2020, campgrounds, playgrounds, bathrooms, and shower areas were opened at State parks. People can rent campsites, cabins, shelters, and lodges; however, kitchenware has been removed from the cabins and renters must bring their own dishes, pots, pans, and utensils. Playgrounds are open; however, the equipment is not sanitized. The Department of Natural Resources (DNR) is specifying that no additional guests are allowed at campsites beyond the individuals specified on the reservation and has kept some campsites closed to ensure social distancing. The majority of events scheduled at State parks are still canceled, and most visitor centers, museums, and nature centers are closed. Visitors are encouraged to visit State parks and forests and are allowed to use trails, roads, and shorelines, as well as boat ramps for access to lakes and rivers. Current information on State park usage is available on the DNR [website](#). Year-to-date camping and cabin rental revenue through June 29, 2020, is summarized below:

Figure 18

Camping and Cabin Rental Receipts Summary – As of June 29, 2020				
Description	FY 2019	FY 2020	\$ Change	% Change
Camping Without Reservation System	\$ 815,799	\$ 982,244	\$ 166,445	20.4%
Camping Using Reservation System	1,933,337	2,095,663	162,326	8.4%
Cabin Rental Using Reservation System	699,283	609,043	-90,240	-12.9%
<b>Total</b>	<b>\$ 3,448,419</b>	<b>\$ 3,686,950</b>	<b>\$ 238,531</b>	<b>6.9%</b>

**Hunting and Fishing Licenses.** All of Iowa’s ponds, rivers, and streams are available for fishing, and there have been no changes to fishing regulations. The DNR asks people to practice social distancing and keep groups to fewer than 10 people. As of June 29, 2020, year-to-date revenue collected for hunting and fishing licenses increased by \$5.0 million (15.6%). A hunting or fishing license can be purchased anytime [online](#) and can be printed on paper or stored electronically.

**Food Assistance.** The United States Department of Agriculture (USDA) is accepting applications for the [Coronavirus Food Assistance Program](#) through August 28, 2020. Producers that have experienced losses due to a 5.0% or greater price decline may be eligible. Other losses covered by the Program include disruptions in the market supply chain and increased market costs due to COVID-19. Eligible commodities include: non-specialty crops, wool, livestock, dairy products, specialty crops, fruits, vegetables, and nuts.

**Pass the Pork Program.** The Department of Agriculture and Land Stewardship (DALs) received \$500,000 from the Iowa Coronavirus Relief Fund to fund the [Pass the Pork Program](#) on May 28, 2020. The Pass the Pork Program allows Iowa farmers to donate pigs they cannot send to slaughter to Iowa food banks. The pigs are donated to local meat lockers to process and package. The funding that the DALs received will pay for processing, transportation, and other related costs. In addition, Iowa beef producers will also be participating in the Program.

According to the Iowa Pork Producers Association, in the first phase, farmers donated 451 pigs (50,000 pounds) to local lockers for food banks. Businesses and individuals donated approximately \$140,000 to cover the cost of processing.

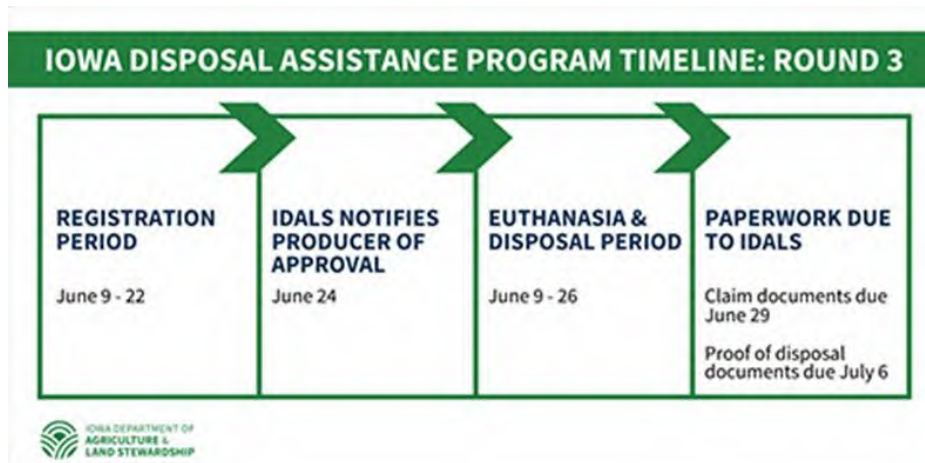
**Beef Up Program.** On June 19, 2020, the [Beef Up Iowa Program](#) was launched to allow Iowa beef producers to donate cattle that can be processed and donated to Iowa food banks. The Program is in partnership with the Iowa Department of Agriculture and Land Stewardship, Iowa State University, and Iowa beef producers. The cattle will primarily be donated by 4-H and Future Farmers of America (FFA) participants, and Iowa State University will process the beef.

**Animal Mortality.** The USDA is assisting producers with the disposal of animals that are not being slaughtered due to the temporary closure of meat processing plants. The [Coronavirus and USDA Assistance for Farmers](#) website provides information on several programs including the Emergency Animal Mortality Management practice, which makes payments to swine producers based on the type of disposal. Prior to payment, a swine mortality certification from a veterinarian is required. Payments include:

- Burial: \$74.28 per animal unit (\$89.14 for historically underserved producers).
- Carcass disposal other than burial: \$111.53 per animal unit (\$191.20 for historically underserved producers).
- Incineration: \$219.88 per animal unit (\$263.86 for historically underserved producers).
- Disposal at landfill or render: \$0.05 per pound (\$0.06 for historically underserved producers).

The DALs implemented the [Iowa Resource Coordination Center](#) to assist producers in animal disposal or with other related issues. A producer can complete an online form or call the DALs (515.725.1005) for assistance. The Department also launched the [Iowa Disposal Assistance Program](#) to alleviate the impact of disposal to pork producers (**Figure 19**). According to the Department, the total number of animals in the program, as of June 29, 2020, is 107,162 valued at \$4.3 million.

Figure 19



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## Economic Development

**Iowa Small Business Relief Program.** The Iowa Small Business Relief Program provides financial assistance to small businesses that have been impacted by the COVID-19 pandemic. The Program offers eligible small businesses grants ranging from \$5,000 to \$25,000 and permits the deferral of sales and use taxes or withholding taxes and the waiver of penalty and interest. The Small Business Relief grants will assist eligible businesses in maintaining operations or reopening businesses following the COVID-19 pandemic. The grants cannot be used to pay debts incurred prior to March 17, 2020. The grant amount will be determined by the level of impact, including the loss of sales revenue and employees. The Program is not first-come, first-served but is based on level of impact. A total of \$124.5 million has been made available. The Program has been allocated \$17.0 million from the Economic Emergency Fund (EEF), \$7.5 million from Iowa Values Fund (IVF) repayments and recaptures, \$100.0 million from the CARES Act, and interest related to the allocated funds totals \$3,000 as of July 8, 2020. The Governor has transferred \$17.0 million from the Iowa Coronavirus Relief Fund (ICRF) to the EEF and \$7.0 million from the ICRF to the IVF to reimburse those funds for contribution to the Program.

As of July 8, 2020, a total of \$86.9 million has been granted to approximately 4,600 Iowa recipients. Information on the awards can be found [here](#). With 13 awards of approximately \$302,000 not going forward, the unobligated balance is approximately \$7.9 million. The statistics reflect the awards made and not the awards issued. The cash balance of the Fund, as of July 8, 2020, is approximately \$8.5 million.

**Unemployment Insurance Trust Fund.** The Fund finances the costs of the Unemployment Insurance Program, which pays benefits to covered workers who become involuntarily unemployed and meet specified eligibility requirements. The Governor transferred \$490.0 million from the ICRF to the Unemployment Insurance Trust Fund on June 29, 2020. For information on unemployment, please see the State Revenue section in this document.

**Iowa Eviction and Foreclosure Prevention Program:** The Program assists Iowans who have been economically impacted by COVID-19 and may be facing housing hardships. Detailed information regarding the Program is available in the [Fiscal Update Article, Iowa Eviction and Foreclosure Prevention Program — COVID-19 — June 11, 2020](#). The [Iowa Eviction and Foreclosure Prevention Program](#) is administered by the Iowa Finance Authority.

**AmeriCorps:** AmeriCorps is a program of the federal [Corporation for National and Community Service](#), which is an independent federal agency designed to improve lives, strengthen communities, and foster civic engagement through service and volunteering. The AmeriCorps program in Iowa is coordinated through the [Volunteer Iowa](#) program. The Governor has allocated \$60,000 from the ICRF for the Iowa Commission on Volunteer Services food bank response.

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## Education

**K-12 Schools.** [Senate File 2310](#) (FY 2021 Iowa Learning Online Act) made changes to the Iowa Code regarding education in the following areas:

- Online learning and coursework requirements.
- Temporary flexibility for use of certain moneys by school districts to provide additional instructional time.
- Temporary flexibility for certain educational and instructional and policy requirements.
- School district reporting related to the impacts of COVID-19.
- Open enrollment deadline extension to July 15, 2020, for certain defined circumstances.

The Department of Education (DE) in coordination with the Iowa Department of Public Health (IDPH) issued [reopening guidance](#) for schools. Guidance was also issued regarding [providing services to English Learners](#) during the COVID-19 outbreak.

School districts and accredited nonpublic schools were required to submit Return-to-Learn (RTL) plans by July 1, 2020. The DE has established a [RTL website](#) that provides resources and tools to support districts and schools in creating and implementing RTL plans.

The IDPH [announced](#) the distribution plan for \$76.3 million in food assistance benefits for Iowa families with children in pre-kindergarten through 12th grade who lost access to free and reduced-price school meals due to COVID-19 school closures. Approximately 250,000 eligible children will receive \$307.80 per child in food assistance benefits through an already established household electronic benefit transfer (EBT) card or pandemic EBT (P-EBT) cards to be mailed in mid-July.

**Elementary and Secondary School Emergency Relief Funding for COVID-19.** Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R. 748](#)), Iowa has received \$71.6 million from the Elementary and Secondary School Emergency Relief (ESSER) Fund, and the Department of Education (DE) has released [allocations](#) of the \$64.4 million that has been distributed to school districts. Nonpublic schools had the choice to participate in the ESSER Fund distribution and participating accredited nonpublic schools were allocated an equitable share, allowing them to receive services related to COVID-19 disaster relief in that amount. The DE will use the remaining CARES Act funds for up to 0.5% for administrative costs at the State level and for establishment of [Iowa e-Learning Central](#) which will provide a statewide hub of online learning opportunities, supports and resources to help educators navigate the new virtual learning environment.

**Governor's Emergency Education Relief Funding for COVID-19.** Under the CARES Act, Iowa has received \$26.2 million from the Governor's Emergency Education Relief (GEER) Fund and Governor Kim Reynolds has [determined](#) to use the GEER funds for expanding broadband access and improving access to technology in other ways including providing hotspots and devices and remote learning professional development for educators.

**Higher Education.** Iowa's institutions of higher education now have access to the Higher Education Emergency Relief Fund (HEERF) funding allocated to them in the CARES Act. HEERF funding for all higher education institutions in Iowa, including private nonprofit and private for-profit institutions, can be found in a [Fiscal Update Article](#) published April 20, 2020.

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## Health and Human Services

### Medicaid End of Session

**Fiscal Year 2020.** Based on the May 22, 2020, [Forecast](#), Medicaid was projected to have a surplus carryforward of \$120.6 million from FY 2020 to FY 2021. This has been increased to \$158.0 million due to several factors (**Figure 18**), including:

- Revenues to the Health Care Trust Fund are \$10.9 million higher than projected which is likely due in part to retailers stocking up on stamps before the COVID-19 shutdown.
- Iowa will be allowed to claim the 6.2% enhanced Federal Medical Assistance Percentage (FMAP) for Medicare Part D clawback expenditures, which increases the enhanced FMAP savings by \$9.0 million.
- There has been increase in Medicaid rebates of \$17.5 million, which will be offset by the same amount in FY 2021 for no net change. This is a timing issue that straddles two fiscal years.

**Fiscal Year 2021.** Fiscal Year FY 2021 was projected to have a \$56.8 million surplus going into the restart of the Legislative Session. [House File 2643](#) (FY 2021 Omnibus Appropriations Act) reduced the General Fund appropriation to eliminate the \$56.8 million projected surplus, but with the additional carryforward projected from FY 2020 to FY 2021 the surplus is now estimated at \$24.3 million (**Figure 20**).

Figure 20

<b>Medicaid Balance Sheet</b>			
	Actual FY 2019	Estimated FY 2020	Final Action FY 2021
<b>Medicaid Funding</b>			
Carryforward from Previous Year	\$ 36,170,463	\$ 87,888,114	\$ 157,957,912
Palo Replacement Generation Tax	1,408,668	1,204,161	602,080
Health Care Trust Fund	202,680,114	208,600,000	182,830,000
Nursing Facility Quality Assurance Fund	34,138,988	54,100,000	56,305,139
Hospital Trust Fund	33,920,554	33,920,554	33,920,554
Medicaid Fraud Fund	612,518	150,000	150,000
Transfer Decategorization Reversion	2,932,149	907,404	0
CFS Foster Care Transfer	5,000,000	0	0
<b>Total Non-General Fund Sources</b>	<b>\$ 316,863,454</b>	<b>\$ 386,770,233</b>	<b>\$ 431,765,685</b>
<b>General Fund Appropriation</b>	<b>1,337,646,375</b>	<b>1,427,381,675</b>	<b>1,459,599,409</b>
General Fund Supplemental	150,300,000	88,982,734	0
<b>Total General Fund Sources</b>	<b>\$ 1,487,946,375</b>	<b>\$ 1,516,364,409</b>	<b>\$ 1,459,599,409</b>
<b>Total Medicaid Funding</b>	<b>\$ 1,804,809,829</b>	<b>\$ 1,903,134,642</b>	<b>\$ 1,891,365,094</b>
<b>Estimated State Medicaid Need</b>			
Estimated State Medicaid Need	\$ 1,572,484,966	\$ 1,824,595,331	\$ 1,938,480,545
FMAP Changes	-58,940,360	-53,120,556	-32,412,311
6.2% FMAP Adjustment — COVID-19	0	-134,650,000	-72,800,000
Health and Wellness Program Expenditures	7,200,000	16,900,000	13,454,459
Adjustment Due to Gov. Line Item Veto	-195,000	-195,000	0
MCO Capitation Increase	109,907,245	67,834,927	0
Risk Corridor Payments	21,817,026	0	0
Habilitation Risk Pool Adjustment	40,425,283	0	0
MCO Incentives	9,600,000	0	0
CY 2018 Health Insurer Fee Payment	14,622,555	0	0
FY 2020 Appropriations Act Changes	0	27,926,781	0
Nursing Facility Rebase	0	13,385,247	0
Adult and Children MH Funding	0	0	2,796,776
Drug Rebate Adjustment	0	-17,500,000	17,500,000
<b>Total Estimated Medicaid Need</b>	<b>\$ 1,716,921,715</b>	<b>\$ 1,745,176,730</b>	<b>\$ 1,867,019,469</b>
<b>Balance (Underfunded If Negative)</b>	<b>\$ 87,888,114</b>	<b>\$ 157,957,912</b>	<b>\$ 24,345,625</b>
MCO – Managed Care Organization	CFS – Child and Family Services		
FMAP – Federal Medical Assistance Percentage	MH – Mental Health		

**Future Fiscal Year 2021 Adjustments.** The federal government has indicated that it intends to extend the current public health emergency declaration that is set to expire on July 25, 2020. If the declaration is extended an additional 90 days, states will receive an additional quarter of the 6.2% enhanced FMAP provided as part of the [Families First Coronavirus Response Act](#). Iowa receives the enhanced FMAP for each quarter in which the national emergency caused by COVID-19 remains in effect and that is estimated to save the Medicaid program an additional \$76.5 million for the quarter beginning October 1, 2020. These savings will be offset by additional enrollment in the Program. States are not allowed to disenroll anyone during Public Health Emergency as a condition of receiving the FMAP. In addition, Iowa will likely face additional costs related to COVID-19. The State is currently in discussions with the Centers for Medicare and Medicaid Services (CMS) to provide a nursing facility add-on payment to help defray the costs of treating individuals with COVID-19. Additional updates on Medicaid savings and costs will be provided as more information is available.

**Fiscal Year 2021 Uncertainty.** Several states have [reported](#) substantial increases in new Medicaid and Children's Health Insurance Program (CHIP) enrollment as a result of the COVID-19 pandemic. Iowa has

realized Medicaid enrollment impacts as a result of disenrollment suspension; however, significant impacts in new enrollment have not yet occurred. While a significant increase in new enrollment has not yet been seen, it is likely that Iowa will see an impact. The first reported case of COVID-19 in the U.S. was on January 21, 2020; Iowa's first reported case was more than six weeks later on March 8. This [document](#) by the National Association of Medicaid Directors (NAMd) provides further explanations for why the surge is yet to come.

**Medicaid Enrollment.** Figure 21 details Medicaid and IHAWP enrollment changes by month. Enrollment tends to fluctuate on a monthly basis, and those fluctuations can be as large as 3,000 individuals in Medicaid in a normal month. On average over the past three months, Medicaid enrollment grew by 5,838, with an additional 6,575 individuals in June. IHAWP enrollment grew by an average of 4,034 over the past three months, with an additional 3,190 in June. Total enrollment for Medicaid has increased by 10,994 individuals for FY 2020, and IHAWP enrollment has increased by 16,825 individuals. A portion of the increase in both programs is due to the federal requirement for receiving the 6.2% enhanced FMAP, which requires states not to disenroll anyone currently on a state health insurance program.

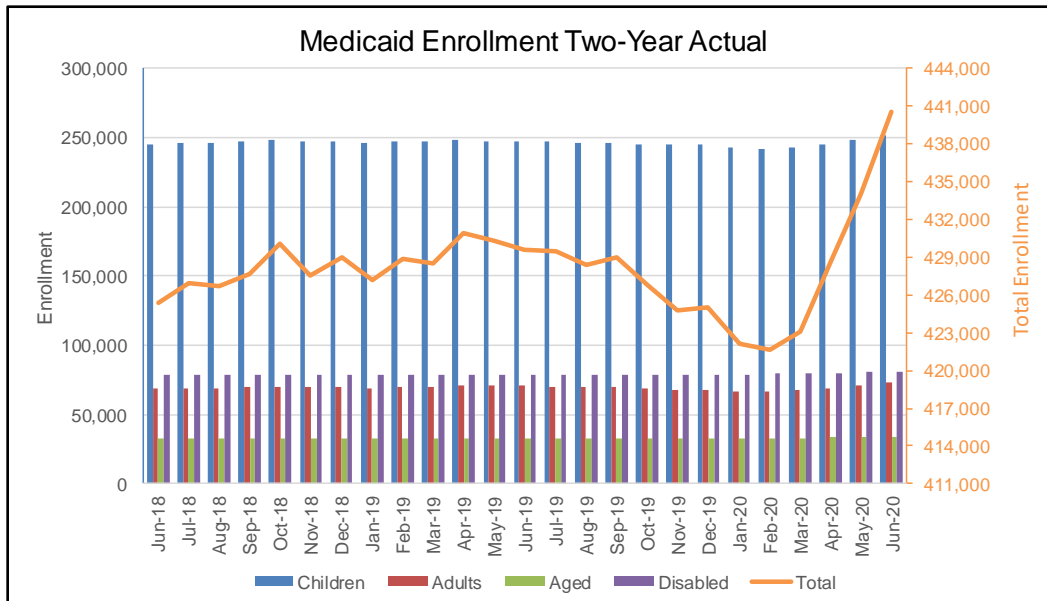
Figure 21

Changes in Medicaid and IHAWP Enrollment — FY 2020							
FY 2020	Regular Medicaid					Total	IHAWP Total
	Children	Adults	Aged	Disabled			
July	124	-291	120	-85	-132	502	
August	-831	-356	100	61	-1,026	380	
September	205	-101	211	296	611	844	
October	-1,203	-880	-2	-132	-2,217	123	
November	-866	-814	-174	-225	-2,079	1,219	
December	76	-252	78	396	298	1,279	
January	-2,037	-855	-30	66	-2,856	-704	
February	-833	46	27	194	-566	-143	
March	602	212	169	465	1,448	1,223	
April	3,053	1,767	404	383	5,607	5,390	
May	2,752	1,963	130	486	5,331	3,522	
June	3,899	2,328	-76	424	6,575	3,190	
Total FY 2020	4,941	2,767	957	2,329	10,994	16,825	
Grand Total	252,276	73,378	33,708	81,210	440,572	189,005	

Figure 22 shows monthly Medicaid enrollment over the past two years. The Medicaid Program has seen a large spike in enrollment over the past three months as a result of suspending disenrollment. The Medicaid Forecasting Group anticipates enrollment will continue to grow as unemployment continues and with nobody being disenrolled. The Iowa Department of Human Services (DHS), the Iowa Department of Management, and the Legislative Services Agency (LSA) are tracking these changes and analyzing their potential impact on Medicaid for FY 2020 and FY 2021. The LSA will provide updates on enrollment and expenditure projections in this publication in the coming months.



Figure 22

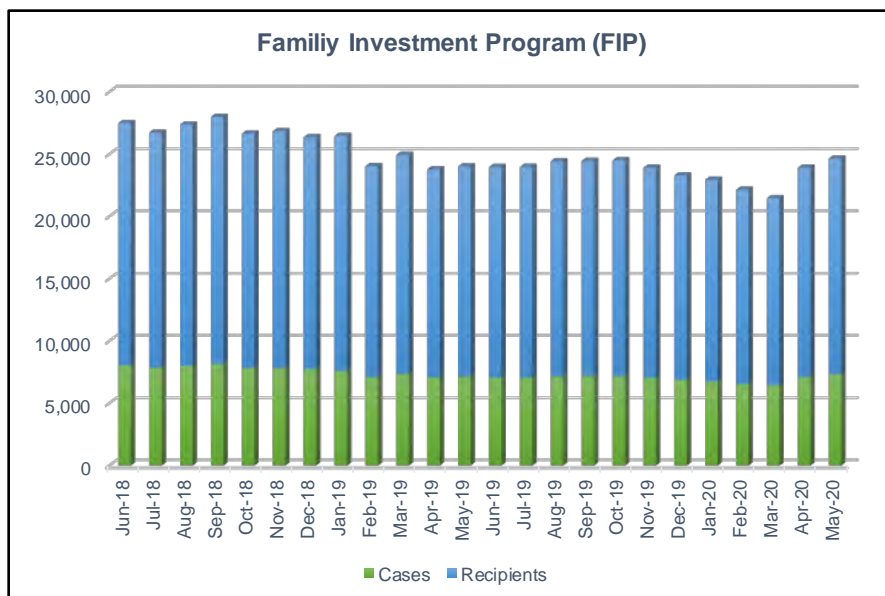


**Family Investment Program (FIP) and Supplemental Nutrition Assistance Program (SNAP)**

**FIP Enrollment.** The FIP is Iowa's Temporary Assistance to Needy Families (TANF) Program. The Program provides cash assistance to needy families as they become self-supporting so that children may be cared for in their own homes or in the homes of relatives. In FY 2019, the average monthly FIP payment was \$349.63 for one-parent households, \$447.45 for two-parent households, and \$274.75 for caretaker households.

**Figure 23** illustrates an increase of 658 cases in April (10.2%) and 200 cases in May (2.8%), ending a steady decline in both the total number of cases and total number of recipients over the past two years. The number of cases will likely grow as unemployment benefits expire and unemployment stays stagnant or increases.

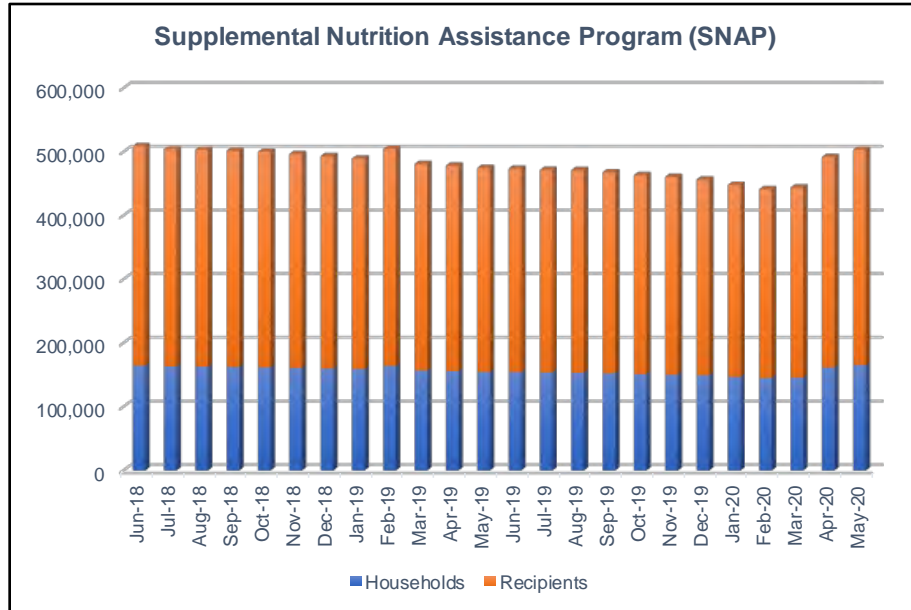
Figure 23



SNAP is a federally funded program that provides benefits to low-income lowans to purchase food. To be eligible for the Program, a family must have household income not to exceed 160.0% of the federal poverty level. For a family of three, that equals a gross annual income of approximately \$34,752. The average benefit is \$226.90 per month per household or \$109.05 per month per individual.

**Figure 24** shows a gradual decline in Program enrollment over the past two years, with a sharp increase in April of 31,918 recipients (10.7%) and May 7,894 recipients (2.4%). Like the FIP, SNAP will likely continue to see caseload growth as unemployment increases. June recipient numbers will be available later in July.

**Figure 24**



**Child Welfare Support Plan**

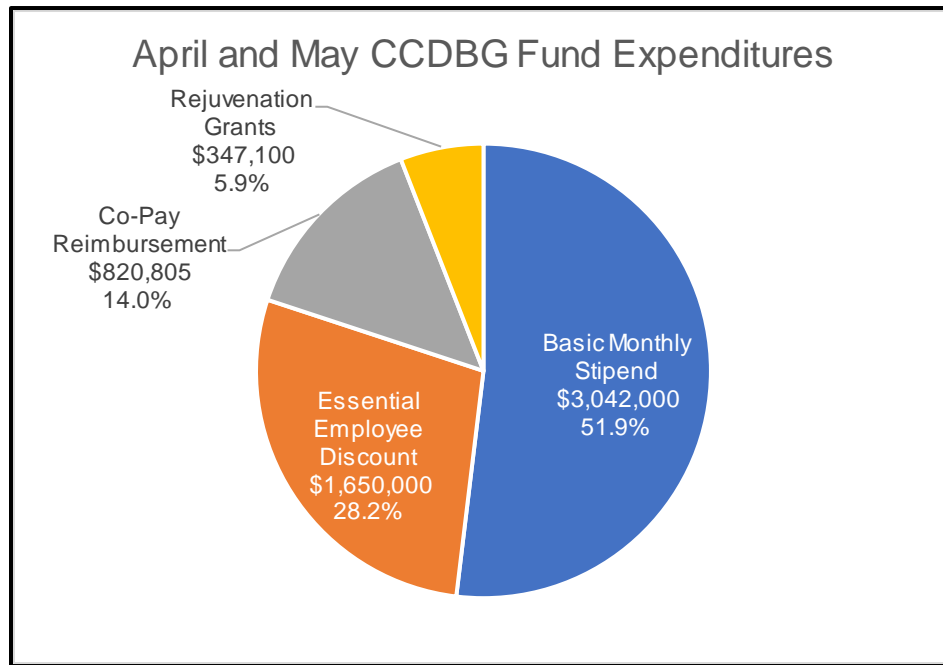
The additional 6.2% enhanced FMAP provided as part of the [Families First Coronavirus Response Act](#) has also benefited the Child Welfare Services Program with approximately \$477,000 in FY 2020. DHS released a [Targeted Strategies for Child Welfare](#) to utilize the enhanced funding in the following way:

- Pay group and shelter providers a supplemental daily rate to cover the additional staffing costs due to higher volumes of children being in the facilities. This enhanced cost is estimated to pay providers an additional \$386,000 in FY 2020.
- Technology grants for providers to support parents and children who are in foster care or at risk for foster care placement to support the delivery of telehealth services or facilitate visits when in-person visits are not available. Total estimated grants for this project are estimated at \$55,000.
- Provide foster parents with a one-time \$500 payment if they have a child placed in their home who has been directly impacted by COVID-19. This is to provide additional support for addressing needs of caring for the child. The total estimated project cost of this initiative is \$35,000, but is based on an assumption that 4.0% of children would meet the medical criteria.

**Child Care Development Block Grant**

Iowa received \$31.9 million in CCDBG Funds through the CARES Act. As of June 1, 2020, the DHS has [reported](#) that \$5.9 million (18.5%) has been distributed to providers through the four funding strategies outlined for assisting providers and families (**Figure 25**).

Figure 25



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**Justice System**

**Judicial Branch.** Face-to-face court proceedings will commence July 13, 2020, and jury trials will commence September 14, 2020. On June 26, 2020, the Jumpstart Family Law Trials Task Force issued its [report and recommendations](#) for developing policies and procedures for the resumption of family law trials following COVID-19 postponements. The Iowa State Association of Counties (ISAC) and the Judicial Branch collaborated on a checklist of COVID-19 protective measures so members of the public and State and county employees can return to Iowa’s courthouses. Judicial Branch officials, county elected officials, and county department heads in each courthouse can use the checklist as a guide as they prepare to resume in-person operations. A copy of the checklist can be found on the [Judicial Branch website](#).

**Department of Corrections.** The LSA was notified by the Department of Corrections (DOC) of a \$500,000 reallocation in funding for FY 2020. The funds have been transferred to the Iowa Medical and Classification Center (IMCC) from several line items. The reallocation will assist in paying for statewide pharmacy and medical costs at IMCC. For additional information, see ***Fiscal Update Article, FY 2020 Reallocation of Appropriations — Department of Corrections.***

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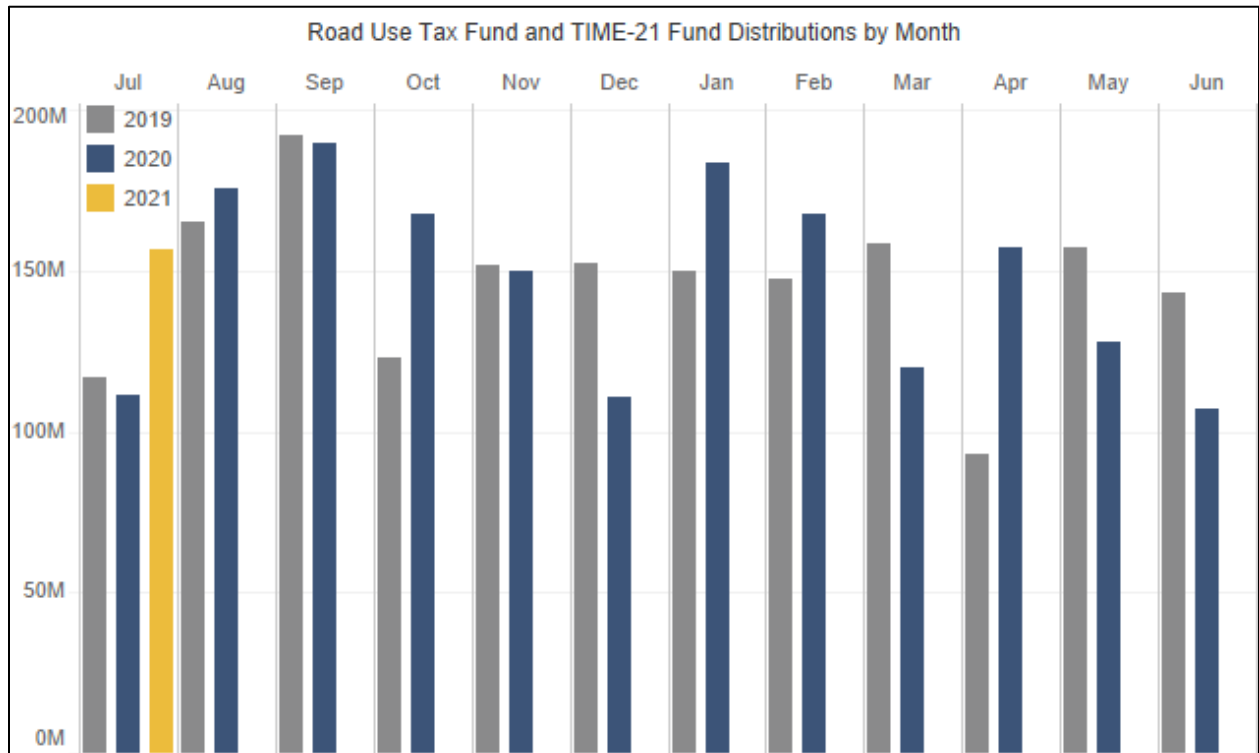
**Transportation, Infrastructure, and Capitals**

**Department of Transportation.** The DOT continues to require driver’s license renewal and extension by appointment for DOT service centers. Kiosks and online renewal are still available.

The Transportation Commission approved the Iowa Transportation Program at its meeting on June 8, 2020. The Program is available [online](#) at the DOT’s website. Between FY 2021 and FY 2025, the Program forecasts a total of \$3.6 billion to be available for highway construction and maintenance.

Due to the COVID-19 pandemic, Iowa’s FY 2020 Road Use Tax Fund (RUTF) revenue is anticipated to decrease. Compared to cash year 2019, cash year 2020 increased from \$1.752 billion to \$1.771 billion, (1.0%). Of the total \$1.771 billion distributed in cash year 2020, \$1,590 billion was distributed to Iowa cities, counties, and the DOT. **Figure 26** shows cash year RUTF distributions by month.

**Figure 26**



Road Use Tax Fund Revenues have begun to reflect declines. Revenues distributed in June 2020 decreased by \$40.5 million as compared to June 2019. Revenues distributed in July 2020 increased compared to July 2019, but this increase is due to relatively weak deposits in July 2019, which was among the weaker months for the RUTF since the enactment of the fuel tax changes in 2015. **Figure 27** displays final RUTF distributions for cash year 2020 and 2019.

Figure 27

<b>Road Use Tax Fund Distributions</b>		
	Cash Year 2019	Cash Year 2020
TIME-21	\$ 243,382,182	\$ 240,812,194
Statutory Distribution	124,142,692	129,048,874
Appropriations	52,053,881	52,877,536
Other Adjustments	-2,237,135	-840,830
<b>Final Distributions</b>		
Primary Road Fund	634,034,008	640,618,949
Secondary Road Fund - Counties	327,028,067	330,424,509
Farm-to-Market Road Fund	106,784,675	107,893,717
Street Construction Fund - Cities	266,961,688	269,734,294
	\$ 1,752,150,058	\$ 1,770,569,243

**Rebuild Iowa Infrastructure Fund (RIIF).** A review of the RIIF is at the end of the State Budget Update section. (Figure 17)

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