



Projected FY 2022 Built-In and Anticipated General Fund Expenditure Increases and Decreases

The built-in and anticipated expenditure estimates are used to help determine the projected condition of the General Fund budget for the next fiscal year. This budget projection is intended to provide a starting point for the General Assembly to begin making budget decisions during the next legislative session. The estimates reflect incremental increases above the enacted appropriation amounts from the previous fiscal year. The estimates are divided into two categories: built-in expenditures and anticipated expenditures.

Built-In Expenditures

A built-in expenditure is a projected change to the previous year's enacted appropriation that is associated with a standing appropriation established by statute, an entitlement program, or a multiyear appropriation set by statute. Legislative action is required to change the standing appropriation provisions of the Iowa Code.

Anticipated Expenditures

An anticipated expenditure is a projected increase associated with a cost that a State agency or program will incur in the next budget year that will likely require additional appropriated funds. An anticipated expenditure can also include funds that are needed to replace the previous fiscal year's one-time or time-limited appropriations in order to maintain a recurring program cost at the previous year's funding level.

FY 2022 Built-In and Anticipated Expenditure Estimates

The Legislative Services Agency (LSA) is projecting \$9.4 million in net built-in and anticipated expenditure increases for FY 2022. The projection includes \$0.4 million in net General Fund built-in increases and \$9.0 million in anticipated expenditure increases. The following table provides a list of the FY 2022 estimates. Additional information for each of the estimates is also provided. The LSA will continue to monitor the estimated changes to State programs throughout the 2021 Legislative Session to refine the impact on the FY 2022 General Fund budget.

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FY 2022 General Fund Built-In and Anticipated Expenditures	
(In Millions)	
	LSA Estimates
<u>Built-In Changes</u>	
1. College Aid – College Work Study	\$ 2.8
2. Cultural Affairs – County Endowment Fund	0.1
3. Economic Development Authority – Tourism Marketing	0.2
4. Economic Development Authority – World Food Prize	0.6
5. Education – Child Development (At-Risk Program)	2.1
6. Education – Instructional Support Program	14.8
7. Education – K-12 School Foundation Aid	-75.4
8. Education – Nonpublic School Transportation	2.7
9. Human Services – Estimated Capitation Rate Increases	26.9
10. Human Services – Hawki Program	3.6
11. Management – State Appeal Board Claims	4.5
12. Management – Technology Reinvestment Fund	17.5
Subtotal	\$ 0.4
<u>Anticipated Expenditure Changes</u>	
13. Corrections - Pharmacy	\$ 0.5
14. Education - Classroom Environment & Therapeutic Classrooms	2.6
15. Human Services – Adoption Subsidy Program	5.9
Subtotal	\$ 9.0
Total	\$ 9.4

FY 2022 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
1. College Aid – College Work Study <i>Standing Limited Appropriation</i>	Iowa Code section 261.85 provides a standing appropriation of \$2.8 million for the College Work Study Program. The Program provides funding to colleges and universities to supplement federal work-study funds. The State funding does not serve as a match for the federal funds.	<ul style="list-style-type: none"> For FY 2021, the standing appropriation was suspended and the Program was not funded. Under current law, this estimate assumes the Program will be funded from the General Fund at \$2.8 million for FY 2022. 	\$2.8
2. Cultural Affairs – County Endowment Fund <i>Standing Limited Appropriation</i>	Iowa Code section 99F.11(3)(d)(1) appropriates \$0.5 million from a portion of the State wagering tax revenue deposited in the General Fund for the County Endowment Fund. This is a grant program for cities and nonprofit, tax-exempt community organizations for the development of community programs that provide local jobs for Iowa residents and promote Iowa's historic, ethnic, and cultural heritages.	<ul style="list-style-type: none"> The FY 2021 appropriation was capped at \$0.4 million in HF 2643 (FY 2021 Omnibus Appropriations Act). Under current law, this estimate assumes the Program will be funded from the General Fund at \$0.5 million for FY 2022, an increase of \$0.1 million compared to the estimated FY 2021 appropriation. 	\$0.1
3. Economic Development – Tourism Marketing <i>Standing Unlimited Appropriation</i>	Iowa Code section 99F.11(2) appropriates a portion of the State wagering tax revenue to the Economic Development Authority for regional tourism marketing.	<ul style="list-style-type: none"> The estimated annual appropriation for regional tourism marketing is \$1.1 million. The FY 2021 appropriation was reduced to \$0.9 million in HF 2643 (FY 2021 Omnibus Appropriations Act). Under current law, the \$0.2 million will be restored for FY 2022. 	\$0.2

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
4. Economic Development Authority – World Food Prize <i>Standing Limited Appropriation</i>	Iowa Code section 15.368 (1) appropriates \$1.0 million annually from the General Fund for the World Food Prize award.	<ul style="list-style-type: none"> The FY 2021 General Fund appropriation was limited to \$0.4 million in HF 2643 (FY 2021 Omnibus Appropriations Act). Under current law, the Program will be funded from the General Fund at \$1.0 million for FY 2022, an increase of \$0.6 million compared to the estimated FY 2021 General Fund appropriation. 	\$0.6
5. Education – Child Development (At-Risk Program) <i>Standing Limited Appropriation</i>	Provides child development services to at-risk three-year-old to five-year-old children and educational support services to parents of at-risk children through three years of age. Program specifications are provided in Iowa Code chapter 256A . The appropriation is provided in Iowa Code section 279.51 .	<ul style="list-style-type: none"> The FY 2021 appropriation was capped at \$10.5 million in HF 2643 (FY 2021 Omnibus Appropriations Act). The standing appropriation is set in statute at \$12.6 million. The estimated increase of \$2.1 million returns the appropriation to the statutory level. 	\$2.1
6. Education – Instructional Support <i>Standing Limited Appropriation</i>	Provides additional funding of up to 10.0% of the regular program district cost to be used for general operations. Funding comes from property taxes or a combination of property taxes and income surtax, and from State aid. Iowa Code section 257.20 requires the State aid portion to be capped at an amount not to exceed the amount appropriated for Instructional Support in FY 1993, which was \$14.8 million.	<ul style="list-style-type: none"> No funding was provided for the program in FY 2021. Under current law, this estimate assumes the program will be funded from the General Fund at \$14.8 million for FY 2022. 	\$14.8

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
7. Education – K-12 School Foundation Aid <i>Standing Unlimited Appropriation</i>	The School Foundation Aid Program establishes limits and controls on local school district spending authority. Through the school aid formula, the Program determines the amount of State aid and local property tax used in funding the majority of school district budgets. During the 2020 Legislative Session, the General Assembly did not establish the State percent of growth for FY 2022. If no rate is established during the 2021 Legislative Session, the State percent of growth rate will default to 0.00%.	Under current law, this estimate assumes that supplemental State aid will decrease by \$75.4 million in FY 2022. This decrease is primarily due to reductions in certified enrollment for K-12, reductions in preschool enrollment, and reductions in special education weightings. The estimate includes the following factors: <ul style="list-style-type: none"> • A per pupil percent of growth of 0.00%. • An increase in statewide taxable valuations of 3.9%. • An increase of \$15.0 million to restore the additional reduction to Area Education Agencies (AEAs). 	\$ -75.4
8. Education – Nonpublic School Transportation <i>Standing Unlimited Appropriation</i>	Iowa Code section 285.2 provides for the payment of approved claims of public school districts for transportation services for nonpublic school pupils.	The FY 2021 appropriation was capped at \$8.2 million in HF 2643 (FY 2021 Omnibus Appropriations Act). Under current law, this estimate assumes the program will be funded from the General Fund at \$10.9 million for FY 2022. This represents an increase of \$2.7 million.	\$2.7
9. Human Services – Estimated Capitation Rate Increases	The majority of individuals participating in the Medicaid and Hawki Programs are covered by two managed care organizations (MCOs). Each year new capitation rates are negotiated between the Department of Human Services (DHS) and the MCOs. New rates for a fiscal year are generally agreed to before the fiscal year begins. Rates for the second half of FY 2021 have yet to be set due to the COVID-19 pandemic.	The DHS and MCOs are currently negotiating Medicaid and Hawki capitation rates for the second half of FY 2021 and FY 2022. The LSA estimates the rates will increase by \$75.0 million for the 18-month period, but that increase will be offset by \$48.1 million in projected carryforward for FY 2022 in the Medicaid Program. This is only an estimate. Actual rates will not be set until agreed to by the DHS and the MCOs.	\$26.9

Projected FY 2022 Built-In and Anticipated
General Fund Expenditure Increases and Decreases

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
10. Human Services – Hawki Program <i>Standing Unlimited Appropriation</i>	Hawki is a State/federal program that provides medical and dental insurance to eligible recipients with incomes between 133.0% and 300.0% of the federal poverty level. The Program receives a 73.23% federal match.	The increase reflects the projected need estimated by the Hawki Forecasting Group. The increase is mainly due to changes in the Federal Medical Assistance Percentage (FMAP) rate and enrollment growth.	\$3.6
11. Management – State Appeal Board Claims <i>Standing Unlimited Appropriation</i>	The State Appeal Board authorizes claims under Iowa Code chapters 25 and 669 for the payment of bills, fees, refunds, credits, and State tort claims. Payments for these claims are made from the General Fund appropriation or the fund of original certification of the claim. If moneys are not available from the appropriation or fund, then the payment is made from the State Appeal Board standing appropriation.	<ul style="list-style-type: none"> The amount budgeted from the General Fund for FY 2021 State Appeal Board costs is \$4.5 million. The FY 2022 estimate assumes total costs of \$9.0 million, an increase of \$4.5 million compared to the FY 2021 budget. The FY 2022 estimate is based on a five-year average of actual claims (FY 2016 through FY 2020). 	\$4.5
12. Management – Technology Reinvestment Fund <i>Standing Limited Appropriation</i>	Iowa Code section 8.57C establishes a General Fund standing appropriation of \$17.5 million to the Technology Reinvestment Fund (TRF) for the purchase of computers, software, and other technology and equipment.	<ul style="list-style-type: none"> For FY 2021, the General Fund appropriation to the TRF was suspended and replaced by an appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) of \$18.6 million. Under current law, the General Fund appropriation of \$17.5 million to the TRF will be restored for FY 2022. 	\$17.5

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
13. Corrections – Pharmacy <i>Appropriation</i>	The Department of Corrections (DOC) is required to meet the community standard of care in providing medical care to offenders in prison. The DOC Central Pharmacy is at the Iowa Medical and Classification Center (IMCC) at Oakdale.	The DOC will incur an estimated increase in costs of \$0.5 million in FY 2022 for increased drug costs due to an aging population.	\$0.5
14. Classroom Environment & Therapeutic Classrooms <i>Appropriation</i>	<p>The Department of Education (DE) will develop, establish, and distribute standards, guidelines, and expectations relating to behavior in the classroom, restraint of a student, professional development relating to educating individuals in the least restrictive environment, and research-based intervention strategies.</p> <p>The DE will establish a Therapeutic Classroom Incentive Fund to provide grants for therapeutic classrooms.</p> <p>School districts will be permitted to submit claims to the DE for the transportation of students to therapeutic classrooms subject to specified criteria and subject to a General Fund appropriation.</p>	The FY 2022 funding estimate includes: <ul style="list-style-type: none"> • \$0.5 million to the DE for the establishment and distribution of guidance for all school districts regarding appropriate and inappropriate responses to behavior in the classroom and the appropriate use of physical restraint of a student in the classroom. • \$1.6 million to the DE for the Therapeutic Classroom Incentive Fund. • \$0.5 million to the DE for reimbursement funding to school districts for the transportation of students to therapeutic classrooms. 	\$2.6

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors/Assumptions (3)	FY 2022 Change (4)
15. Human Services – Adoption Subsidy Program <i>Appropriation</i>	<p>This Program is intended to achieve stable and permanent families for children who have been abused or neglected when the rights of the children's parents have been terminated.</p> <p>An enhanced federal eligibility match for Title IV-E funding requires that states reinvest any savings into other child welfare services.</p>	<ul style="list-style-type: none"> • The current DHS reinvestment obligation from FFY 2015 to FFY 2022 is \$15.2 million. • Spending from State FY 2017 through FY 2022 is estimated to total \$7.4 million. • The Adoption Subsidy Forecasting Group estimates that \$2.0 million in carryforward funds will be available assuming status quo appropriations. • Not all spending of the liability would need to occur in State FY 2022, but the growing obligation would need to be addressed before a "bubble" of liability is created. • Some of this unfunded liability may be offset by spending in the Child and Family Services appropriation for new services related to implementing the federal Family First Prevention Services Act. 	\$5.9