

**8.41 Federal funds — deposit — block grant plans — affected political subdivisions.**

1. Commencing with the fiscal year beginning July 1, 1981, federal funds received in the form of block grants shall be deposited in a special fund in the state treasury and are subject to appropriation by the general assembly upon a recommendation by the governor. In determining a general fund balance, the federal funds deposited in the special fund shall not be included, but shall remain segregated in the special fund until appropriated by the general assembly.

2. Federal funds deposited in the state treasury as provided in [subsection 1](#) shall either be included as part of the governor's budget required by [section 8.22](#) or shall be included in a separate recommendation made by the governor to the general assembly. If federal funds received in the form of block grants or categorical grants have not been included in the governor's budget for the current fiscal year because of time constraints or because a budget is not being submitted for the next fiscal year, the governor shall submit a supplemental statement to the general assembly listing the federal funds received and including the same information for the federal funds required by [section 8.22, subsection 1](#), paragraph "b", subparagraph (1), subparagraph division (e), for the statement of federal funds in the governor's budget.

3. *a.* If, in any federal fiscal year, the federal government provides for a block grant which requires a new or revised program than was required in the prior fiscal year, each state agency required to administer the block grant program shall develop a block grant plan detailing program changes.

*b.* To the extent allowed by federal law, the block grant plan shall be developed in accordance with the following:

(1) The primary goal of the plan shall be to attain savings for taxpayers and to avoid shifting costs from the federal government to state and local governments.

(2) State agency planning meetings shall be held jointly with officials of the affected political subdivision and affected members of the public.

(3) The plan shall address proposed expenditures and accountability measures and shall be published so as to provide reasonable opportunity for public review and comment.

(4) (a) Preference shall be given to any existing service delivery system capable of delivering the required service. If an existing service delivery system is not used, the plan shall identify those existing delivery systems which were considered and the reasons those systems were rejected. This subparagraph division applies to any service delivered pursuant to a federal block grant, including but not limited to any of the following block grant areas: health, human services, education, employment, community and economic development, and criminal justice.

(b) If a service delivered pursuant to a federal block grant and implemented by a political subdivision was previously provided for by a categorical grant, the state agency shall allow the political subdivision adequate transition time to accommodate related changes in federal and state policy. Transition activities may include, but are not limited to, revision of the political subdivision's laws, budgets, and administrative procedures.

(c) The state agency shall allow the political subdivision the flexibility to implement a service in a manner so as to address identifiable needs within the context of meeting broad national objectives.

(5) State administrative costs shall not exceed the limits allowed for under the federal law enacting the block grant.

(6) A federal mandate that is eliminated or waived for the state shall be eliminated or waived for a political subdivision.

(7) Federal block grants shall not be used to supplant existing funding efforts by the state.

*c.* The state agency shall send copies of the proposed block grant plan to the legislative fiscal committee and to the appropriate appropriations subcommittee chairpersons and

ranking members of the general assembly. The plan and any program changes contained within the plan shall be adopted as rules in accordance with [chapter 17A](#).

[[81 Acts, ch 17, §3](#)]

[84 Acts, ch 1067, §4](#); [86 Acts, ch 1245, §2023](#); [96 Acts, ch 1105, §1](#); [2008 Acts, ch 1032, §201](#); [2009 Acts, ch 41, §263](#)

Referred to in [§15.108](#), [256.10A](#), [256I.11](#)