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## FISCAL UPDATE Article

Fiscal Services Division

May 28, 2020



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### ADOPTION SUBSIDY FORECASTING GROUP — MAY 2020

**Forecasting Group.** Staff members from the Department of Management (DOM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on May 27, 2020, to discuss the [Adoption Subsidy](#) Program caseload growth and expenditures for FY 2020 and FY 2021. The Forecasting Group is established in Iowa Code section [234.47](#) to discuss expenditures and agree on a consensus estimate for the current and upcoming fiscal years.

**Adoption Subsidy Projections.** The current funding estimate for the Adoption Subsidy Program utilizing the status quo General Fund appropriation is:

- An estimated ending surplus of \$3.1 million in FY 2020.
- An estimated surplus of \$2.6 million in FY 2021.

The enhanced Federal Medical Assistance Percentage (FMAP) rate for the duration of the COVID-19 pandemic has positively impacted the estimated surpluses in both fiscal years. Under current law, these funds will be carried forward for reinvestment savings expenditures in FY 2020. The percentage of children eligible for funding under Title IV-E continues to increase.

**Reinvestment Savings.** The DHS's current reinvestment obligation from FFY 2015 to FFY 2020 is estimated to total \$14.4 million. Current reinvestment spending through State FY 2021 is estimated to total \$5.7 million. Most of the expenditures to date have been for the Treatment Outcome Package (TOP) Tool. In addition, the DHS anticipates incurring expenses for the Subsidized Guardianship Program, Family-Centered Services, and the Parent Partner initiative expansion.

After accounting for that spending, there would remain a current estimated obligation of \$6.9 million. Utilizing the forecasted surpluses to offset part of this, and including an estimate of the succeeding federal fiscal year reinvestment obligation, there is a current unfunded liability estimated at \$1.6 million.

The DHS is continuing to develop ideas that could address the current obligation. Services must have started after FFY 2016 to qualify as new reinvestment expenditures, and some of the one-time expenditures used to implement the federal Families First Prevention Services Act (Public Law [115-123](#)) could qualify.

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