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## FISCAL UPDATE Article

Fiscal Services Division

March 27, 2023



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### ADOPTION SUBSIDY FORECASTING GROUP — MARCH 2023

**Forecasting Group.** Staff members from the Department of Management (DOM), the Department of Health and Human Services (HHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on March 24, 2023, to discuss the [Adoption Subsidy Program](#) caseload growth and expenditures for fiscal year (FY) 2023 and FY 2024. The Adoption Subsidy 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 as follows:

- An actual ending surplus of \$16.4 million in FY 2022.
- An estimated ending surplus of \$8.0 million in FY 2023.
- An estimated total ending surplus of \$7.4 million in FY 2024.

The enhanced Federal Medical Assistance Percentage (FMAP) rate for the duration of the COVID-19 Public Health Emergency continues to positively impact the estimated surpluses in both fiscal years. Under current law, these funds will be carried forward for reinvestment savings expenditures in FY 2024. The percentage of children eligible for funding under Title IV-E continues to increase.

The estimated ending surplus for FY 2023 anticipates \$11.0 million being transferred to the HHS Department-Wide Duties appropriation to be used for HHS facility operations. The transfer was authorized in Division V of [2022 Iowa Acts, chapter 1131](#) (FY 2023 Health and Human Services Appropriations Act). Approximately \$4.1 million of the FY 2023 and FY 2024 surplus is being reserved for postadoption and postguardianship services.

**Reinvestment Savings.** The HHS's current reinvestment obligation from federal fiscal year (FFY) 2015 through estimated FFY 2023 is estimated to total \$30.8 million. Current estimated and anticipated reinvestment spending through estimated State FY 2023 is expected to total \$26.1 million, resulting in a remaining spend-down obligation of \$4.7 million. Most of the expenditures to date have been for the Treatment Outcome Package (TOP) Tool. Additional funds are being held in reserve for the Subsidized Guardianship Program and a one-time transfer within the HHS to fund HHS facilities' operational reorganization.

Services must have started after FFY 2016 to qualify for reinvestment expenditures, and some of the one-time expenditures used to implement the federal [Family First Prevention Services Act \(Public Law 115-123\)](#) qualify.

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