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## FISCAL UPDATE Article

Fiscal Services Division

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### ADOPTION SUBSIDY FORECASTING GROUP — OCTOBER 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 October 23, 2023, to discuss the [Adoption Subsidy Program](#) caseload growth and expenditures for fiscal year (FY) 2024 and FY 2025. 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 \$13.4 million in FY 2023.
- A projected ending surplus of \$13.3 million in FY 2024.
- A projected total ending surplus of \$12.8 million in FY 2025.

The now-expired enhanced Federal Medical Assistance Percentage (FMAP) rate through 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.

Division V of the 2022 Iowa Acts, chapter [1131](#) (FY 2023 Health and Human Services Appropriations Act) authorized the transfer of \$11.0 million to the HHS Department-Wide Duties appropriation to be used for HHS facility operations. These funds continue to be held in reserve and are not reflected in the actual or projected surplus totals shown above.

**Reinvestment Savings.** Federal legislation requires a portion of the State savings resulting from the availability of Title IV-E funds be reinvested through other qualified expenditures under titles IV-B and IV-E. 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 reinvestment obligation of \$4.7 million. Services must have started after FFY 2016 to qualify for reinvestment expenditures.

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