

FISCAL UPDATE Article

Fiscal Services Division

October 31, 2025



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

NOTICE OF APPROPRIATIONS TRANSFER — DEPARTMENT OF HEALTH AND HUMAN SERVICES

Appropriations Transfer. The Fiscal Services Division of the Legislative Services Agency (LSA) received notification of a transfer of FY 2025 funds pursuant to requirements established in 2024 Iowa Acts, chapter [1157](#) (FY 2025 Health and Human Services Appropriations Act), section 21. This notice is for a transfer of up to, but not more than, \$2,105,844,054 between various appropriations under the Department of Health and Human Services (HHS).

The amounts transferred between appropriations in FY 2025 are shown in **Figure 1**.

Figure 1 — FY 2025 Transfer Amounts by Appropriation

Appropriation	Transfer From	Transfer To	Net Transfer
Accountability, Compliance, and Program Integrity	\$ -1,019,703	\$ 35,599,190	34,579,487
Aging and Disability Services	-2,454,616	386,945	-2,067,671
Behavioral Health	-269,248	198,110	-71,138
Child and Family Services	0	45,446,410	45,446,410
Child Care Assistance	-35,585,348	0	-35,585,348
Child Care Assistance (Legacy Appropriation)	0	35,542,115	35,542,115
Child Protective Services	-116,179,507	0	-116,179,507
Child Support Services	-2,092,062	17,386	-2,074,676
Children's Health Insurance Program	0	7,836,913	7,836,913
Community Access and Eligibility	-33,943,050	486,547	-33,456,503
Decategorization	0	63,189,163	63,189,163
Department of Management*	0	1,019,703	1,019,703
Early Intervention and Supports	-717,631	2,645,065	1,927,434
Family Investment Program	0	19,916,326	19,916,326
Hawki Fund**	0	33,125,426	33,125,426
Health Program Operations	-38,200,723	1,633	-38,199,090
Health Program Operations (Legacy Appropriation)	0	28,010,314	28,010,314
Medicaid	-1,862,963,641	0	-1,862,963,641
Medical Assistance (Legacy Appropriation)	0	1,826,228,888	1,826,228,888
Public Health	-4,628,959	389,942	-4,239,017
State Supplementary Assistance	0	4,659,496	4,659,496
State-Operated Specialty Care	-7,789,566	1,144,482	-6,645,084
Total	\$ -2,105,844,054	\$ 2,105,844,054	0

*These moneys were transferred to the Department of Management Division of Data, Planning, and Improvement as part of a memorandum of understanding.

**These moneys were transferred to the Hawki Fund to fund program expenditures. The Hawki Fund is not an appropriation.

The transfers fall into five categories. The total amounts transferred for each category of transfer are shown in **Figure 2**. The breakout of the total amount transferred between appropriations can be found in the [annual transfer report](#) published by the HHS.

Figure 2 — FY 2025 Transfer Amounts by Category

Transfer Category	Amount
Transfers to legacy program appropriations	\$ 2,062,685,811
Transfers due to HHS appropriation mapping	5,835,057
Transfers due to the HHS centralized service structure	26,302,377
Transfer of indirect cost recoveries	5,054,357
Transfers for enterprise costs	5,966,452
Total	\$ 2,105,844,054

Reasons for Transfer. For each of the five categories of transfers, the following individual reasons were specified for the transfers:

- Transfers to legacy program appropriations:** In 2024 Iowa Acts, chapter 1157, the appropriations for the HHS were restructured into new appropriations. Several HHS assistance programs have payments that originate in external IT systems that interface with the State’s Iowa Advantage accounting system. Any updates to the Iowa Advantage appropriation and accounting structure also require updates to the external IT systems. The new HHS accounting structure was finalized in late spring 2024, and it was determined by the HHS that there was insufficient time to implement corresponding changes in its external IT systems prior to the beginning of FY 2025. For FY 2025, assistance payments continued to be paid from the legacy appropriations for programs. Transfers were made to fund the State share of those payments. These were one-time transfers, and program appropriations have been mapped into the new HHS accounting structure beginning in FY 2026.
- Transfers due to the HHS appropriation mapping:** Decisions regarding the HHS table of organization and program responsibility were still being made when the HHS finalized its FY 2025 appropriation structure. This resulted in instances where the division that received the appropriation was not the division managing the program. Transfers were made to move funds to the correct divisions. The HHS anticipates that similar transfers will occur in FY 2026.
- Transfers due to the HHS centralized service structure:** Certain business functions within the HHS have been brought together in a centralized service structure following realignment, including human resources, IT services, attorney general services, and post-employment payouts. Previously, these business functions were dispersed throughout the legacy agencies. In certain cases, the work done by business function staff is charged back to divisions other than the division housing the new centralized service structure. Transfers are made to fund the same services that existed previously with costs paid for as a transfer instead of paying for direct staff or reimbursing the Department of Administrative Services (DAS) for a similar service. The HHS anticipates that these transfers will continue annually due to the new HHS organizational structure.
- Transfer of indirect cost recoveries:** Indirect cost recovery refers to the process by which indirect administrative costs that are necessary for running the HHS are reimbursed to administrative units within the department by including them in grant or contract budgets, using an indirect cost rate. Indirect cost recoveries have accrued in division grants and contract budgets, but the overhead expenses that the recoveries are intended to cover are primarily paid from the Accountability, Compliance, and Program Integrity appropriation. Transfers were made to move this revenue to where the expenses occurred. The HHS anticipates that these transfers will continue annually due to the new HHS organizational structure.
- Transfer for enterprise costs:** Following the restructuring of the HHS appropriations, there are enterprise costs, such as IT costs and overhead fees, that could not be easily assigned to a specific division. These enterprise costs were instead paid from the Accountability, Compliance, and Program Integrity appropriation, which caused total expenditures to exceed the budgeted amount. This additional cost was funded by transfers from other appropriations. The HHS anticipates that similar

transfers will occur in future years, but the HHS is looking at ways to minimize the need for future transfers.

Action Finalized. Action on these transfers occurred throughout FY 2025 with all actions finalized by the close of the fiscal year.

More Information. Additional information is available from the LSA by request.

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