

State budget

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strong position” because of the billions saved up in those accounts.

“We expected that there may be less revenue coming in, but typically when you cut taxes that is what comes with it,” he said May 16 on an episode of “Iowa Press” on Iowa PBS. “Thankfully, we have those backstops there that were in place for that reason.”

Democrats have criticized Republicans for using the state’s savings to pay for ongoing budget needs.

“There are two rules about budgeting – don’t use one-time monies to pay for ongoing expenses, and don’t spend more than you have coming in,” Senate Minority Leader Janice Weiner, D-Iowa City, said in a May 20 newsletter. “If you have to dig into savings to pay your mortgage, how does that work out for you?”

Gov. Kim Reynolds has yet to sign the new budgets. Governors in Iowa hold the power to veto specific line items included in budget bills.

Here’s how Iowa is spending its multi-billion dollar state budget:

Standing appropriations, including K-12 education funding

General fund: \$4.84 billion (\$199.7 million increase)

What it funds: Senate File 659 funds the state’s annual standing appropriations. Of that total, about \$4.3 billion goes to K-12 education in Iowa, including \$3.94 billion in state aid for K-12 public schools and \$314.8 million for Iowa’s private school education savings accounts.

Education savings accounts: The bill includes a standing unlimited appropriation to fund Iowa’s education savings accounts, which provide \$7,988 to Iowa families for each private school student to pay private school expenses, like tuition and fees. In the 2025-26 school year, the program will be open to all families with no income limit for the first time. The state anticipates spending \$314.8 million on ESAs in the coming school year, about a \$96.8 million increase over the current year.

State can charge local 911 boards: The Iowa 911 Program would be allowed to charge local 911 boards for “reasonable costs” which the local organizations would have to repay to the Department of Homeland Security and Emergency Management within 30 days, under policy language tucked into the budget. Local emergency management agencies and law enforcement groups are urging Reynolds to veto the language, saying it could threaten local 911 infrastructure funding and operations.

Health and Human Services

General fund: \$2.47 billion (\$255.9 million increase)

Other funds: \$457.2 million (\$11.2 million decrease)

What it funds: House File 1049 funds the Department of Health and Human Services and the Department of Veterans Affairs.

Ban on Medicaid covering gender-affirming care: The GOP-backed budget includes language saying Medicaid funds cannot be used to pay for gender-affirming surgeries and hormone therapies for transgender Iowans. Republicans have tried for years to ban taxpayer funding for those procedures, but previous efforts have been struck down in court.

Rep. Aime Wichtendahl, D-Hiawatha, the first openly transgender member of the Iowa Legislature, said the gender-affirming care she received when she was experiencing depression and suicidal thoughts saved her life.

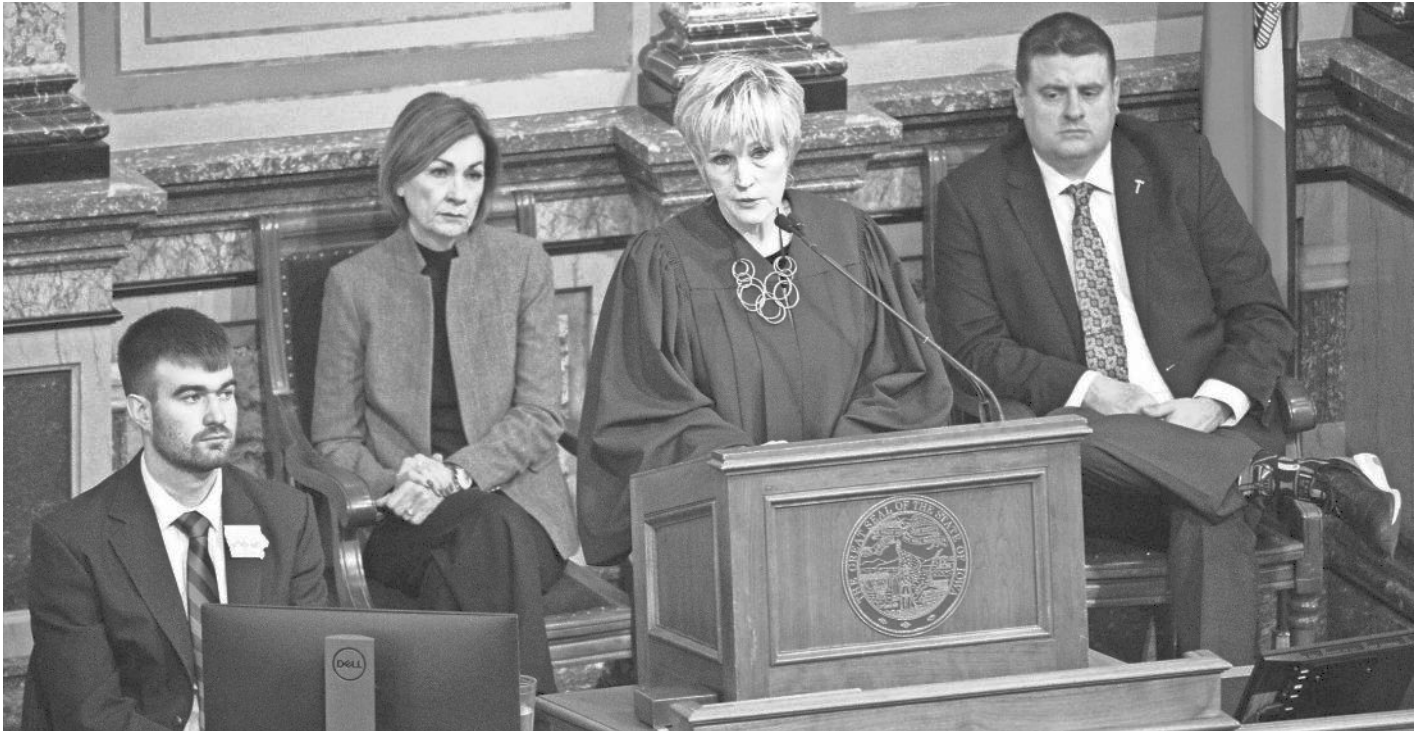
“I was able to live the American dream because I had access to that health care,” she said. “And it saddens me that this government repeatedly, time and time and time again, always chooses to target transgender people.”

Unlike an earlier version of the proposal, the final bill does not ban mental health care intended to treat gender dysphoria.

Millions more for Medicaid: The legislation includes a \$252.7 million increase in state funding for Medicaid, the state and federal health care program for low-income and disabled Iowans, including \$210.5 million that is expected to be needed to cover an anticipated shortfall and another \$19.9 million to cover an anticipated shortfall in the Healthy and Well Kids in Iowa (Hawki) health care program for children.

During debate, Rep. Adam Zabner, D-Iowa City, asked if the state’s budget includes any money that would be set aside to backfill potential federal cuts to Medicaid as Congress looks to rein in federal spending.

“If the federal government cuts funding for Medicaid and we are not prepared, we will see the biggest loss of rural health care in the history of our



Iowa Supreme Court Chief Justice Susan Christensen delivers the State of the Judiciary address at the Iowa State Capitol on Jan. 15 in Des Moines. LILY SMITH/THE REGISTER

state,” he said.

Rep. Ann Meyer, R-Fort Dodge, responded that Iowa is “fully funding” Medicaid.

“When you talk about federal cuts to Medicaid, the federal cuts to Medicaid are going to be fraud and abuse,” she said. “Those are not cuts to Medicaid health care.”

Rate increases for nursing homes, dentists, maternal health: The boost in Medicaid funding also provides reimbursement rate increases in several areas, including for nursing facilities (\$20 million), intermittent community-based services (\$3.1 million), dental providers (\$2.1 million), maternal health providers (\$420,000) and prosthetics (\$100,000).

Education

General fund: \$1.03 billion (\$14.1 million increase)

Other funds: \$33.7 million (\$325,000 decrease)

What it funds: Senate File 647 funds the Iowa Department of Education, Department for the Blind and the Iowa Board of Regents, which govern the state’s three public universities.

No general increase for public universities: The budget does not increase general funding for the state’s three public universities, but it does include \$5.5 million in new money earmarked for specific initiatives.

• **University of Iowa Center for Intellectual Freedom:** The budget spends \$1 million to set up a new Center for Intellectual Freedom at the University of Iowa, after House Republicans made that a priority of the chamber’s new Higher Education Committee.

• **Funding for cancer research:** The budget includes \$1 million for the University of Iowa to study Iowa’s rising cancer rates. Reynolds called for the funding in her Condition of the State address in January.

• **Money for UNI civic center:** The University of Northern Iowa will receive an additional \$1 million for its Center for Civic Engagement.

• **Funding boost for in-state UNI tuition:** UNI will receive \$1.5 million so it can offer in-state tuition rates to students from surrounding states as a way of attracting more out-of-state students.

• **Iowa State Agricultural Experiment Station:** Iowa State University’s Agricultural Experiment Station will receive a \$1 million increase under the budget.

Health care worker loan repayment program: Iowa is combining several loan repayment programs for health care workers and boosting their funding to provide a total of \$8 million for a new Health Care Professional Incentive Program Fund.

Justice system

General fund: \$703.1 million (\$7.8 million increase)

Other funds: \$20.6 million (no change)

What it funds: Senate File 644 funds the Iowa Department of Corrections, Department of Justice, Department of Public Safety, Department of Homeland Security and Emergency Management, Office of the State Public Defender, the Board of Parole, the Iowa Law Enforcement Academy and the Department of Inspections, Appeals and Licensing.

Human trafficking victim services: The budget includes a \$150,000 increase to the Victim Assistance Grants Program that must be given to organizations that work with victims of human trafficking.

More money for public defenders: The State Public Defender’s office will receive about a \$2 million increase to hire 13 staffers to represent low-income Iowans in court.

Private attorneys appointed by a court to represent indigent Iowans will

receive a \$2 per hour pay increase for their services. Lawmakers have been working for several years to raise pay for court-appointed attorneys as the state deals with a shortfall.

The new pay rates for indigent defense attorneys will be \$88 per hour for class A felonies, \$83 per hour for class B felonies and \$78 per hour for all other cases.

Transportation

General fund: \$0

Other funds: \$502.8 million

What it funds: Senate File 628 funds the Iowa Department of Transportation and transportation-related infrastructure. The department is funded through the state’s Road Use Tax Fund and Primary Road Fund.

Modernizing the vehicle record system: Gives \$20 million toward the DOT for the Archon Registration and Tinting System, which the DOT uses for recordkeeping and issuing dealer plates and license renewals.

Infrastructure

General fund: \$0

Other funds: \$263.9 million

What it funds: House File 1039 funds major maintenance, repairs and infrastructure projects across the state, as well as renewable fuel infrastructure incentives, tourism efforts and more. Funding comes from the Rebuild Iowa Infrastructure Fund and Technology Reinvestment Fund.

Department of Corrections project: The budget gives \$4.1 million to the Department of Corrections to build a Community-Based Corrections central office in District 4 in Council Bluffs and to repurpose the existing office into a 30-bed residential facility.

New Iowa Law Enforcement Academy facility: The ILEA gets \$15 million to build a driving training facility at Camp Dodge in Newton.

YMCA grants: The budget keeps \$250,000 for infrastructure grants typically used by YMCAs in rural communities to update roofs, renovate gyms and classrooms and make other upgrades.

Iowa Judicial Branch

General fund: \$221.8 million (\$1.7 million increase)

Other funds: \$0

What it funds: Senate File 648 funds the Iowa Judicial Branch.

2.5% pay increase for judges and magistrates: Iowa judges and magistrates will receive a 2.5% pay increase in the upcoming year, following a 5% pay increase included in last year’s budget. Iowa ranks poorly for judicial pay compared to other states and judicial branch officials have said for years that it is difficult to recruit candidates to apply to be judges at the current pay rates. Lawmakers did not pass Iowa Supreme Court Chief Justice Susan Christensen’s proposal to tie Iowa judges’ pay to a percentage of the salary received by federal judges.

Agriculture and natural resources

General fund: \$46.6 million (\$681,925 increase)

Other funds: \$99.4 million (\$653,467 increase)

What it funds: Senate File 646 funds the Department of Natural Resources and the Department of Agriculture and Land Stewardship.

More money to address foreign animal diseases: As Iowa responds to highly pathogenic bird flu, the budget shifts \$2.5 million in unused money from the Brucellosis and Tuberculosis Eradication Fund to address foreign animal diseases in addition to a \$1.05 million appropriation. Money will cover animal disease equipment, vaccine research and updates to state technology to monitor an outbreak.

Funding bump for Iowa State University’s Veterinary Diagnostic Lab: The lab at the frontlines of responding to the bird flu outbreak gets nearly \$4.8 million. That includes \$250,000 in new money to install and move equipment into its refurbished facility.

Food assistance pilot program: The state will continue a pilot program launched in 2024 that helps food banks purchase locally sourced foods through the Choose Iowa initiative.

Administration and regulation

General fund: \$73.7 million (\$772,713 increase)

Other funds: \$134.4 million (nearly \$62 million increase)

What it funds: House File 1044 sets funding for Iowa’s statewide elected offices: the governor, the state auditor, the secretary of state and the state treasurer, plus their employees.

It also funds several administrative and regulatory agencies, including the Department of Administrative Services, the Department of Inspections, Appeals and Licensing, the Department of Management, the Department of Revenue, the Department of Insurance and Financial Services, the Iowa Utilities Commission, the Iowa Public Information Board, the Iowa Ethics and Campaign Disclosure Board and the Iowa Public Employees’ Retirement System (IPERS).

Pension administrative system upgrades: IPERS’ pension administrative system will get \$60 million in upgrades to move it from an on-site system to a cloud-based system. A consultant estimated the new system will cost that much over 10 years.

Pharmacy benefit manager changes: After Iowa lawmakers sent sweeping regulations governing pharmacy benefit managers to the governor to become law, the Department of Insurance and Financial Services gets funding bumps to enact those changes.

That includes \$600,000 and four full-time positions focused on PBM-related duties within the department’s Company Regulation and Market Regulation bureaus. Another \$225,000 will be used to review and report on pharmacy services administrative organizations and the wholesale distribution of prescription drugs.

Economic development

General fund: \$40.3 million (\$450,000 decrease)

Other funds: \$34.4 million (\$25,000 increase)

What it funds: Senate File 645 funds the Iowa Economic Development Authority, the Iowa Finance Authority, the Iowa Department of Workforce Development and the Iowa Board of Regents.

Housing Renewal Pilot Program: It extends the sunset date to July 1, 2028, for the program that gives grants to acquire, rehabilitate and redevelop buildings and blighted structures.

Refugee support services: Iowa HHS would get \$210,000 from the Department of Workforce Development to provide supplemental support services to international refugees. The services would improve learning, English literacy, life skills and cultural competencies and help them integrate into a county with a population exceeding 350,000. HHS would have to issue a request for proposals to select an entity to implement the program.

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