



## HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 626	House Committee:	<b>PASSED</b> 25-0 (5/1/25)
Committee:	Appropriations	Senate Floor:	<b>PASSED</b> 45-0 (4/21/25)
Floor Manager:	Rep. Hans Wilz	House Floor:	<b>PASSED</b> 85-6 (5/13/25)
Date:	May 14, 2023	Senate Floor:	<b>PASSED</b> 45-0 (5/13/25)
Staff:	Brad Trow (1-3471)	Governor:	

### FY 2026 & FY 2027 Federal Block Grant Appropriations

- The bill appropriates the federal block grant funding received by the state for Fiscal Years 2026 and 2027. The bill provides a mechanism to adjust these amounts if the federal block grants are higher or lower than anticipated in the bill.
- The bill also appropriates all additional federal and non-state funds, receipts, and grants for FY 2026 and FY 2027.

### Section-by-Section Analysis

#### DIVISION I – APPROPRIATION OF FEDERAL MONEYS

##### Section 1 – Substance Abuse Appropriations

FFY 2025 Enacted	FFY 2026	FFY 2027
\$13,204,014	\$14,116,120	\$14,116,120

The section appropriates the Prevention and Treatment of Substance Abuse Block Grant to the Department of Public Health (IDPH). The section sets out how much of the block grant can be used for administrative costs and audits. The section also requires that at least 20 percent for prevention programs, and requires the Department to use a portion of the block grant for services to pregnant women and women with children. That amount shall be at least equal to the amount used in FY 2025 & 2026.

##### Section 2 – Community Mental Health Services Appropriations

FFY 2025 Enacted	FFY 2026	FFY 2027
\$5,641,385	\$7,754,083	\$7,754,083

The section appropriates the Community Mental Health Services Block Grant to the Department of Human Services (DHS). Ninety-five percent of the funding received would be dedicated for community-based mental health services, with the remaining 5 percent of available funds could be used by DHS for administrative costs related to the block grant. The section directs that in Fiscal Year 2026, at least 70

percent of the funds set aside for community mental health service providers to be distributed to state-accredited CMHC's.

***Section 3 – Maternal and Child Health Services Appropriations***

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$6,611,198	\$6,775,530	\$6,775,530

The section appropriates the Maternal and Child Health Services Block Grant. The section lays out how the block grant is to be distributed, limits how the University of Iowa Hospitals and Clinics can use the funds, and requires the Department of Health & Human Services and Child Health Specialty Clinics of the University of Iowa Hospitals and Clinics to coordinate and integrate services.

***Section 4 – Preventive Health and Health Services Appropriations***

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$1,697,468	\$1,955,591	\$1,955,591

The section appropriates the Preventive Health and Health Services Block Grant to the Department of Health & Human Services. The section limits the amount that can be used for administrative costs and requires the Department to use funds in conformity with the state's grant application for services to victims of sex offenses and rape prevention education.

***Section 5 – Residential Substance Abuse Treatment for State Prisoners Formula Grant Program***

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$364,122	\$422,329	\$307,388

The section appropriates the grant to the Office of Drug Control Policy and requires the Office to spend the funds in a manner that complies with federal requirements for the grant.

***Section 6 – Edward Byrne Memorial Justice Assistance Grant Program Appropriation***

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$1,964,093	\$1,964,093	\$2,178,973

The section appropriates the grant to the Office of Drug Control Policy and requires the Office to spend the funds in a manner that complies with federal requirements for the grant.

***Section 7 – Community Services Appropriation***

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$7,979,245	\$8,300,123	\$8,300,123

The section appropriates the Community Services Block Grant to the Division of Community Action Agencies within the Department of Health & Human Services. The section requires that 96 percent of the grant shall be distributed to community action agencies, with each qualifying agency receiving a grant of at least \$185,000. The remaining 4 percent of funds can be used for administrative expenses.

*Section 8 – Community Development Appropriations*

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$26,000,000	\$26,500,000	\$26,500,000

The section appropriates the Community Development Block Grant to the Iowa Economic Development Authority (IEDA). The section limits the amount of the block grant that IEDA can use for administrative expenses. The limit is set to \$1.16 million each year.

*Section 9 – Surface Transportation Block Grant Program Appropriation*

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$188,800,000	\$192,600,000	\$192,600,000

The section appropriates the Surface Transportation Block Grant to the Iowa Department of Transportation for state and local transportation projects. This block grant was initiated by Congress in FY 2017.

*Section 10 – Low-Income Home Energy Assistance Appropriations*

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$54,554,297	\$58,058,248	\$58,058,248

The section appropriates the Low-Income Home Energy Assistance Program (LIHEAP) Block Grant to the Division of Community Action Agencies within the Department of Health & Human Services. The section allows the use of between 15 and 25 percent of the block grant for weatherization projects. Administrative costs for the program are capped by this section and the amount of funds that can be carried forward into the succeeding fiscal year is limited to 10 percent of that year's grant. The section also limits expenditures for assessment and resolution of energy problems to five percent of that year's grant.

*Section 11 – Social Services Appropriations*

<b>FFY 2025 Enacted</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
\$15,323,000	\$15,264,832	\$15,264,832

The section appropriates the Social Services Block Grant to the Department of Health and Human Services. The section also makes a number of allocations of the Social Services Block Grant for specific programs within DHS and limits the amount that can be used on DHS General Administration.

*Section 12 – Social Services Block Grant Plan*

The section directs the Department of Health & Human Services to annually develop a plan for the use of the Social Services Block Grant, and what is to be included in the plan.

*Section 13 – Projects for Assistance in Transition from Homelessness*

The section requires the Department of Health & Human Services to ensure that projects receiving funding for mental health assistance to the homeless comply with certain requirements. The section also provides direction on how the funds are to be used.

Section 14 – Child Care and Development Appropriation

FFY 2025 Enacted	FFY 2026	FY 2027
\$76,813,177	\$109,630,285	\$109,630,285

The section appropriates the Child Care and Development Block Grant to the Department of Health & Human Services and directs that it be used in compliance with federal law.

Section 15 – Procedure for Reduced Federal Moneys

The section provides a procedure for the Governor to act if the federal block grant appropriations are not at the level set in this bill. In such an event, the funds are pro-rated either by the Governor or by the federal government. Before action is taken by the Governor in this situation, she must notify the chairs and ranking members of the Appropriations Committees, chairs and ranking members of the appropriate budget subcommittees, and the Legislative Services Agency.

Section 16 – Procedure for Increased Federal Moneys

The section provides a procedure for when a block grant amount exceeds the level appropriated in the bill. As with the previous section, the funds shall be pro-rated.

Section 17 – Procedure for Expenditure of Additional Federal Moneys

The section appropriates those grant funds received from the federal government after the Legislature adjourned. The section requires that the Governor provide notification of these grants to the Fiscal Committee of the Legislative Council within 30 days of receipt.

Section 18 – Other Grants, Receipts, and Moneys

The section appropriates all other federal and non-state grants, receipts, and funds for FFY 2024 & FFY 2025 to the state agencies designated for receipt of the funds.

**DIVISION II – CITY REGULATION OF DEVELOPERS, CONTRACTORS, & SUBCONTRACTORS**

Section 20 – Iowa Code section 364.3 (20)

The section amends language adopted in Senate File 603 to state that cities must not make receipt of any incentives, or the eligibility of any incentives, contingent on developers, contractors, or subcontractors compliance with any restrictions, qualifications, or requirements related to employee compensation or training unless required under federal law.

Section 21 – EFFECTIVE DATE

The section makes the Division effective upon enactment.

Section 22 – RETROACTIVE APPLICABILITY

The section makes Division effective on March 28, 2025.