

Appropriations

Do They Know What They Are Doing?

Over the past month, Iowa Auditor of State's office has put out two "reports" that can be more accurately characterized as political statements. Even a cursory reading of these reports leaves many Iowans asking themselves two questions: Is the State Auditor using his taxpayer funded office to do work for his campaign for governor? Furthermore, do these people actually know what they are doing?

On June 10, the State Auditor issued a report on "Pharmacy Benefit Manager practices related to Iowa Medicaid". In the exhaustive one and a quarter page report, it is alleged that the PBM's used by Iowa's Managed Care Organizations (MCO's) used a pricing model in other states that allowed the PBM to use a practice known as "spread pricing" and get more money from the MCO's than what they are entitled. Because these companies were found to be using this practice in other states, the Auditor assumes it may be happening in Iowa.

There *is* one problem with the Auditor's assumption. This practice is already prohibited by Iowa's Medicaid program. One would think the Auditor would know this, since they actually state that fact in their press release:

"This recalculations has been shown in other states to result in 'spread pricing', a practice prohibited by Iowa Medicaid."

If Iowa Medicaid had already banned the practice, a fact that Sand explicitly acknowledges, then why would he believe this was going on? Did the report uncover evidence that it is happening in Iowa? No, the report does not cite any evidence that this is happening in Iowa. The report only cites reports from other states where this was found. But even those reports are dated.

A week later, the Auditor of State's office put out another dubious report. This time, the focus was one of Sand's favorite targets - Educational Savings Accounts. In this "report" the claim is made that taxpayers are paying over \$37,000 for each student who supposedly switched from public schools to private schools. It must be purely coincidental that the official taxpayer funded Office of the State Auditor releases a "report" that just so happens to support Sand's positions in his run for governor.

In regard to the actual content of the Auditor's political statement/report, the conclusion regarding the \$37,000 number is not possible when you consider that the law creating the ESA's provides that the ESA is equal to regular state cost per pupil that the state pays to public schools - \$8,148 in the next school year.

The report seems to contend that ESA's should only be for those people who were not going to a private school at the time it passed. It's not clear how that form of discrimination would be legal.

The report goes further, claiming that there has been a great increase in the number of private schools. It even lists the schools which it claims are new since the ESA bill was passed. But of the 69 schools they identify, over one-third of the list were actually open prior to 2023. This includes St Albert Elementary School in Council Bluffs, whose history goes back to the early 1970's.

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Both reports raise questions about the work being done in the Auditor of State's office. How much is official and how much is campaign work. While there was time to generate these, the Auditor's office still has not completed any audit of the Judicial Branch's court debt collection process and the millions of dollars that was misallocated since 2020. It has been nearly 600 days since the Judicial Branch entered into an agreement allowing an audit.

There also is the growing financial crisis within the Iowa City Community School District. While the district's audits are woefully delayed and residents of the district are clamoring for action, there is silence from the Auditor's office. The fact that the Iowa City Schools failed to submit an audit should have been a warning sign, but that apparently was ignored.

Iowans are starting to wonder if the Auditor of State's office is fulfilling its role as the taxpayer's watch dog. Or is that watchdog asleep?

DOM Enters Into Contract for Executive Branch IT Services

The Iowa Department of Management (DOM) recently announced a major change in the way information technology services are provided to the state's executive branch agencies. The transition of these services from internal staff to outside vendors has caused some to raise concerns about what happens to current employees and the data the state currently has. But the change is designed to dramatically improve IT services while reducing the future costs to taxpayers.

Changes to IT services in the Executive Branch agencies began in the summer of 2023, when a survey of state contracts found multiple state agencies having their own contracts for services like LinkedIn while one government-wide contract would have sufficed. Before the 2024 legislative session began, the decision had been made to consolidate IT services and workforce within DOM in its new Division of Information Technology -aka DOM DoIT. This step brought IT purchases, program development, and IT services for the Executive Branch under one roof in DOM. It also led to the elimination of duplicated contracts and services, standardized internet websites, and extensive collaboration from state IT employees who had previously been siloed in their individual agencies.

This next step, which DOM took two weeks ago, addresses an issue that became apparent after those first steps occurred - the state's vast IT infrastructure had numerous different systems that were not compatible. Fixing that issue would be a monumental and very expensive task if the state were to keep it in-house.

DOM determined that the better option for the taxpayer was to enter into contracts with IT companies to maintain and operate the state's vast systems. By doing this, the winning vendor becomes responsible for maintaining the various pieces of necessary equipment ranging from laptop computers to data servers.

The state's data would move from a hodgepodge of servers and ancient mainframe systems to the cloud. This change will allow many agencies to start sharing data so that Iowans are not submitting the same information to various agencies when they need assistance.

DOM determined that to meet its needs, they would contract with Cognizant Government Solutions to provide the day to day IT services for the executive branch, including managing the state's various systems and providing IT support services to agencies.

Amazon Web Services will transition the data from multiple data centers and hundreds of servers to a highly-secure cloud computing setting. The data will be encrypted before going to the cloud. This change will provide the state with a much higher level of cybersecurity than is currently possible with the vast dispersal of existing servers. This change means that 200 positions will transition from DOM DoIT to Cognizant and AWS. As part of the contract with both companies, these state employees will be offered new positions at their current compensation level or higher. And the work of these new positions will still be done here in Iowa, not in Silicon Valley or at some call center in India.

This move will also benefit the taxpayers, as state costs for IT are projected to be over \$500 million lower over the next ten years than they would have by maintaining the existing system. This is significant savings, especially when considering that the cost of replacing equipment is covered by the contractors through the contract. In the end, Iowa state agencies will find their IT services and programs will no longer be stuck in the late 1970s, when many of the mainframe systems they are currently using were created. This will improve their ability to serve the people of Iowa, which is an idea all should be supportive of.

The Wallace Building Is No More - What Happens Next?



The view to the northwest of the Iowa State Capitol is much different this summer, as the Wallace State Office Building no longer stands at the corner of East Ninth Street and Grand Avenue. While contractors are finishing their work to clear the site, some are now asking what comes next.

The Wallace Building opened in 1978, housing the Department of Agriculture and other state agencies. While Iowans marveled at the reflective glass used for the façade on Grand Avenue, the building had issues. It was not uncommon for state employees to regularly see an ambulance parked outside the building, with concerns about the HVAC system and its impact on those who worked in the building. Even after state laboratories were moved out of the building, the visits from EMS providers continued.

Discussion about the future of the Wallace Building started in earnest over a decade ago, when it was revealed that renovations to the building could run as high as \$80 million. With alternative space available at a much lower cost, the state began shifting agencies to different locations. At the start of the 2025 legislative session, the building's future became clear. The Governor's office introduced a bill to allow the Department of Administrative Services to demolish the Wallace Building and then sell the land it was on along with the Capitol Complex parking garage (which is on the west side of Pennsylvania Avenue).

What was legislation necessary to sell this property? Iowa Code gives the director of the Department of Administrative Services (DAS) the authority to deal with state property. But Iowa Code section 8A.321 (8)(a) makes it clear who has the final say on any sale of real property on the Capitol Complex. The Code says:

“With the authorization of a constitutional majority of each house of the general assembly and approval by the governor, dispose of real property belonging to the state on the capitol complex upon terms, conditions, and consideration as the director may recommend. The proceeds of the sale of real property under this paragraph shall be deposited with the treasurer of state and credited to the general fund of the state.”

The Senate passed a bill to authorize the sale of this valuable piece of property during the 2025 session. But the proposed sale faced a lot of questions when the bill came to the House Appropriations Committee. It also generated a surprising amount of opposition from former legislators, who told Committee members not to sell such a valuable piece of state property. And thus, the bill allowing the sale died in the Appropriations Committee.

While the Legislature refused to approve the sale of the Wallace Building, DAS decided to proceed with something they could do without legislative approval. In the fall of 2025, demolition began. The cost of the project was paid for with federal ARPA funds. By the end of the 2026 legislative session, the building was down and the clean-up under way. With little over a week to go in the Fiscal Year, all that is left to do is sodding the vacant property and restoring sidewalks and curbs.



What happens next at the corner of East Ninth and Grand? There are reports that once again, the Department of Administrative Services may be looking to try and sell the property. Without legislation, however, that will be tricky.

(Contact: Brad Trow 1-3471)

Agriculture

The Great American State Fair is Coming to the Washington DC National Mall

Rural America will be celebrated in Washington DC in conjunction with Independence Day and the 250th Anniversary of American independence. The “Great American State Fair” starts on June 25 and concludes on July 10. The Great American State Fair is a free event at the National Mall in Washington DC. Each day’s schedule provides rotating exhibits and activities, including individual state-themed exhibits, music, a daily rodeo, fireworks, and some military flyovers. The event is hosted by Freedom 250.

USDA Updates Farmers on New World Screwworm Containment Efforts

The United States Department of Agriculture (USDA) provides weekly updates regarding the harmful and invasive pest, the New World Screwworm (NWS). In the last week USDA provided encouragement that there was not a further northward spread of the pest outside of Texas and New Mexico. The NWS was eradicated decades ago but crossed into the U.S. in early June. The USDA is attempting to hold the pest in the south by releasing millions of sterile flies into the contaminated area, stopping the reproduction of future New World Screwworm flies. This dangerous parasite lands on cattle and lays its eggs in any small flesh wound or scratch, resulting in its larvae feeding on live cattle tissue. While the screwworm does not affect the meat (does not harm consumers) it can be deadly for the animal itself. For cattlemen, the pest requires rigorous treatment to save their herds. While cattle are most commonly affected by this disease, goats, dogs and other animals can be affected as well. For more information, see the Animal and Plant Health Inspection Service (APHIS) division of the US Department of Agriculture.

(Contact: Mindy Larsen 1-3096)

Commerce

Protecting Seniors from Financial Exploitation

The following was provided by the Iowa Insurance Division:

In observance of World Elder Abuse Awareness Day (WEAAD), the Iowa Insurance Division today highlighted a powerful new tool in the fight against senior financial fraud: House File 2232. Signed into law by Governor Kim Reynolds on April 9 and taking effect July 1, the legislation allows insurance companies to temporarily halt suspicious transactions when elder financial exploitation is suspected.

"Protecting our seniors requires local vigilance," said Iowa Insurance Commissioner Doug Ommen. "Our Fraud Bureau is on the ground every day, working alongside families and financial professionals to stop the theft of a lifetime of hard work. This new law is a useful tool that will protect people’s assets from the scammers."

House File 2232 brings the life insurance and annuity sectors in line with Iowa's securities industry, which has utilized a similar fraud-delay framework since 2021 with massive success.

The Impact of Local Intervention (2025 Securities Data):

- **100% Accuracy:** In 2025, financial professionals flagged and delayed 42 suspicious securities transactions. Iowa Insurance Division investigators confirmed that financial exploitation was actively occurring in every single case.

- **\$2.59 Million Saved:** By pausing these transactions, the Division stopped millions from reaching scammers last year alone.
- **\$1.13 Million Recovered:** Through collaboration with local, state, and federal law enforcement, the Division successfully clawed back over a million dollars for Iowa victims.

Financial exploitation is a rapidly growing national threat. According to the North American Securities Administrators Association (NASAA), regulators handled over 3,600 senior-related complaints last year, fighting increasingly complex threats like AI-enabled impersonation, social media fraud, and digital asset schemes.

Three Steps to Protect Older Investors

The Iowa Insurance Division urges Iowans and their families to take immediate action:

- **Name a Trusted Contact:** Add a "safety net" to financial accounts, giving firms permission to contact a designated person if fraud is suspected.
- **Leverage the Senior Safe Act:** This federal framework allows financial professionals to report suspected abuse to regulators without violating privacy rules.
- **Report Locally, Early:** Local intervention is the fastest way to freeze an account and recover funds.

If you suspect that you or a loved one is a victim of financial exploitation, contact the Iowa Insurance Division at (515) 654-6464 or visit IowaFraudFighters.gov.

(Contact: Natalie Ginty 5-2063)

Economic Growth

Startups in the Heartland—IEDA Identifies Award Recipients

Is there anything more patriotic than starting your own company from the ground up? One of Iowa Economic Development Authority's functions is to support Iowa startups by awarding Proof of Commercial Relevance loans and supporting these companies in their beginning stages. Award recommendations for these funds are made by the Technology Commercialization Committee to the IEDA Board for approval. The following were recently awarded:

Ames—BitCorn Technologies Inc.

BitCorn Technologies Inc. is developing a new system to help agricultural producers and businesses complete transactions faster and more efficiently. The company's technology is designed to improve how financial transactions are settled while continuing to work with existing pricing and business practices used across the agriculture industry. BitCorn was awarded a \$50,000 Proof of Commercial Relevance (POCR) loan to support testing of its system. The project includes placing equipment at participating agricultural sites, completing pilot transactions, reviewing regulatory requirements, and refining a business model to support future growth and commercialization.

Ames—NanoMed Inc.

Immuno NanoMed Inc. is developing a new approach to vaccines designed to make them easier to use, store, and distribute. The company is focused on respiratory vaccines, including an inhalable flu vaccine, with the goal of improving access and reducing barriers associated with traditional vaccine delivery. The company was awarded a \$50,000 POCR loan to support continued development of its vaccine platform. Project activities include advancing product development, completing early-stage testing, strengthening intellectual property, and preparing for future commercialization steps.

Audubon—Hope Innovations LLC

Hope Innovations LLC is developing a reusable medical applicator designed to improve comfort and ease of use for women receiving certain long-term therapies related to menopause care. The product is intended to replace traditional single-use plastic applicators with a more durable, hygienic, and user-friendly option. Hope Innovations was awarded a

\$50,000 POCR loan to support steps needed to bring the product to market. Project activities include product refinement, manufacturing improvements, intellectual property development, and marketing efforts to support commercialization and future growth.

Des Moines—Hirely Workforce Technologies Inc.

Hirely Workforce Technologies Inc., dba Jenu, is a health care technology company developing a secure digital credential platform for health care workers and employers. The platform is designed to help nurses, allied health professionals, students and health care organizations store, track, and share professional credentials more efficiently. Jenu was awarded a \$50,000 POCR loan to support further development and market launch of its platform in Iowa. Project activities include technology refinement, early-stage testing, intellectual property development, and outreach efforts to support adoption by health care workers and employers.

(Contact: Kristi Kiouss 2-5290)

Education

Facts Optional in Auditor's "Report"

State Auditor Rob Sand published a so-called "report" last week which happened, by pure chance, to support his political statements regarding Education Savings Accounts. This report is not an audit. It's a policy statement by the Democratic gubernatorial candidate who doesn't like Education Savings Accounts or private schools.

Part of his argument was that nonpublic schools were proliferating since the advent of ESA's. Sand even includes a table on the back. Notably, many of these schools are not new schools, they are just newly accredited. To discern new from newly accredited would only have taken a brief amount time and research.

For example, Clear Lake Classical, Strong Roots Christian School, Victory Christian Academy, Hillside Christian School, Keokuk Christian Academy, Lighthouse Christian Academy, Joshua Christian Academy, Gospel Assembly Christian Academy, Pathway Christian School, Coram Deo Academy, Great River Christian School, HomeGrown Christian Learning Center, Mayflower Heritage Christian School, Two Rivers Classical Academy, Mount Pleasant Christian School, Providence Christian Schools, and Winterset Christian Academy were all established schools but chose to go through the accreditation process after the ESA law was passed. These are not completely new schools without any history behind them.

Then there are the schools that were already accredited and in existence many years, but got new campuses: Cedar Ridge Christian School, Siouxland Christian School, and Tri-State Christian School.

Finally, there are the schools that were listed as being closed. Clear Lake Classical did not close; it got a new campus. St. Albert also did not close; it is simply now listed as one school from elementary to high school instead of two separate schools. Empigo Academy is another school that is not closed.

If the Auditor can't get simple facts correct, Iowans cannot be expected to believe anything in his "report." Also of note is the fact that the Auditor released an actual audit of ESA's last February. What did the audit find? The audit did not reveal any spending issues, flaws, or irregularities within the Educational Savings Account program. In other words, it found no financial issues.

As a reminder, to participate in Iowa's Education Savings Account program, a private school must be fully accredited either directly by the Iowa Department of Education or through a State Board-approved independent accrediting agency.

The program explicitly excludes homeschooled students and unaccredited private schools.

Also it is important to remember that parents don't ever receive the money in the ESA assigned to their student. Parents never receive the money from the ESA program directly into their personal bank accounts, nor do they handle cash or receive checks. Instead, the state places the funding into a digital wallet controlled and administered by a private, third-party program manager named Odyssey. The parent initiates or approves transactions through the Odyssey Portal or app. However, the money moves completely inside Odyssey's closed financial system. The program strictly prohibits cash reimbursements. A parent cannot pay for an educational item or private tuition out-of-pocket and ask the state to pay them back. If a transaction happens outside of Odyssey's system, it is entirely ineligible for funding. By law, funds must first go toward tuition and fees at an accredited Iowa private school. The school submits a digital invoice through the portal, and the parent clicks to approve it. Odyssey then routes the money straight to the school.

If there are leftover funds after tuition is fully cleared, parents can spend the remaining balance on other approved educational items (like textbooks, tutoring, or laptops). However, these can only be bought through pre-approved businesses inside the digital Odyssey Marketplace. Parents cannot get leftover funds in cash.

If parents choose to spend leftover funds on approved educational items, the payments are issued directly to those vendors. Any unused money goes back to the state. Because the accounts are state-supervised and not personal, families cannot withdraw cash balances. Unused funds carry over from year to year as long as the student is enrolled. However, once the student graduates high school or turns 20 years old, any remaining money is completely clawed back and returned to the state General Fund.

Wondering what are the specific eligible educational expenses parents can buy with the ESA funds?

Tuition, fees, textbooks, workbooks, laptops, educational software, academic tutoring (provided the service is billed by a certified tutor approved by the state), special education therapies like speech therapy.

What is strictly ineligible? Things like everyday school supplies, lifestyle items, cell phones, smartwatches, video game consoles, backpacks, school uniforms, shoes, athletic clothes or gear, school lunches, transportation costs, summer or sports camps.

With America Celebrating it's 250th Birthday, House Republicans Believe Real History is Important

This past session House Republicans passed legislation establishing new Social Studies standards. While the bill did not make it through the Senate, it is worth reviewing in light of the America 250 celebrations underway.

If it seems like Iowans just saw new social studies standards established by the Department of Education, they did. If it seems like you remember the legislature weighing in on this issue in past sessions, you did. In 2024, House Republicans successfully passed legislation establishing new Social Studies standards. The Senate did not pass that legislation either. The House standards were detailed, factual, and patriotic and made sure Iowa students were learning real social studies not a left-wing interpretation of social studies. The House Republican version focused heavily on learning the history of Western Civilization and how America became what it is today. The standards featured true stories about American heroes, reading the documents that formed America, and understanding why our government and economies work the way they do.

Students should not be taught that America is bad, racist, or evil as if those ideas are incontrovertible facts. Of course students need to be taught the good, the bad and the ugly of America's history. But too often in today's K-12 curricula, the incredible accomplishments of America and Americans is left out. Iowa should not be in the business of turning out students that hate America. Teachers should not be in the business of teaching philosophies the lead to students hating America.

For background, Iowa's social studies standards were graded as subpar. The Fordham Institute gave Iowa a 'D' for its Civics Standards and an 'F' for its U.S. History standards. The standards hadn't been changed since 2017 so House Republicans move to make changes.

On January 15, 2026 the State Board of Education adopted the new Social Studies standards for Iowa schools. These standards came about through HF 2545, which the House pivoted to since Senate refused to pass the standards described above. HF 2545 said the State Board of Education shall complete a review and revision of the state Social Studies standards. After reviewing these new standards, House Republicans once again determined they fell short. The National Association of Scholars and the Civics Alliance agreed. Those groups state "Iowa's Department of Education has failed to provide properly revised social studies standards." They go on to say that "...these standards still impose on Iowa the politicized framework and counterproductive pedagogy of radical national organizations such as the National Council for the Social Studies and the American Institutes of Research."

[House File 2510](#) represented our efforts in 2026. Should students know the Constitution? Bill of Rights? Declaration of Independence? The Mayflower Compact? The Federalist Papers? The Emancipation Proclamation? The Pennsylvania Act for the Gradual Abolition of Slavery? Of course. These documents and more are listed in the bill. Should students know about Benjamin Franklin? George Washington? Frederick Douglass? Elizabeth Cady Stanton? Abraham Lincoln? Christopher Columbus? Andrew Jackson? Again, of course. These are in the bill. Should Iowa students learn about the United States' republican form of government compared with different forms of government including dictatorship, monarchy, oligarchy, theocracy, communism, and autocracy? Again, of course.

Our students are lacking in their social studies knowledge. That's embarrassing. We need to do better. This helps put Iowa back on track to lead in education. This is what American 250 is all about. Celebrating how America got here and remembering why America is the greatest country on earth.

(Info from Fordham Institute: <https://fordhaminstitute.org/sites/default/files/publication/pdfs/20210623-state-state-standards-civics-and-us-history-20210.pdf#page=134> and <https://www.nas.org/blogs/statement/iowas-social-studies-standards-revision-falls-short>)

(Contact: Kristin Rozeboom 1-3015)

Health and Human Services

Make America Healthy Again, SNAP Healthy Foods on Hold

Recently, the Governor signed House File 2676, titled the Iowa Make American Healthy Again bill with Secretary Robert F. Kennedy Jr. present for the bill signing. This bill passed 61-31, with all Democrats unfortunately voting no. This comprehensive bill works to ensure that taxpayer funds are not making Iowa's children obese while creating poor health outcomes for life, while also focusing on the reality that physical movement helps not just physical health, but mental health. According to Secretary Kennedy, 77 percent of American children can no longer qualify for military service based on chronic disease.

Iowa currently ranks 11th in the nation for adult obesity. One in six children in Iowa are considered obese. Obesity leads to high blood pressure, diabetes, heart disease, and, as many of the members of this legislature are concerned, several types of cancers. These obesity related diseases often disproportionately affect lower-income individuals at a higher rate. The leading cause of death in Iowa is heart disease.

SNAP Healthy Standards – This bill prohibits soda and candy from being purchased under the Supplemental Nutrition Assistance Program. The legislature would like to emphasize the nutrition aspect of this taxpayer funded program to assist low-income individuals. According to a 2016 USDA study of foods purchased with SNAPs funds, 20 cents of every dollar was spent on sweetened beverages, desserts, salty snacks, candy and sugar. This bill ensures that taxpayer funds are not going to fund poor health outcomes that do not alleviate hunger. Unfortunately, this component of the bill is currently on hold as a district court judge in Washington D.C. has blocked Iowa's implementation. Governor Reynolds put out the following statement based on this decision:

"For decades, the USDA's Supplemental Nutrition Assistance Program has fallen short of its original intent to provide low-income families with affordable access to nutritious food. With a broad definition of eligible foods—one that excludes only alcohol, tobacco, and hot foods—taxpayers are subsidizing so-called nutrition benefits that today include soft drinks and candy while 40% of American adults and 20% of children are obese," said Governor Kim Reynolds. "I'm proud that Iowa is among the states leading the type of SNAP reforms necessary to promote better nutrition, health, and well-being. The changes proposed aren't a mandate—SNAP members can choose what they want, but the state won't pay for unhealthy foods. The court's decision is short-sighted and does nothing to improve the health of our country. In the meantime, Iowa will continue to work on our plan to do exactly that."

School Nutrition – This bill prohibits schools and vendors from serving breakfast and lunch that contain blue dye 1 and 2, green dye 3, potassium bromate, propylparaben, red dye 40, yellow dye 5 and 6. This section is the first step to ensuring that taxpayer funds are not harming Iowa's children and setting them up for a future healthy lifestyle.

Technology in Schools – This bill recognizes the harm constant use of technology has on children's learning, attention span, and mental health. The bill reasonably limits K-5 digital instruction to 60 minutes per school day while also allowing parents to opt-out of all digital instruction. This bill prohibits the use of cell phones during recess, when children should be playing rather than sitting behind another device. This bill also requires school districts to go through their device policy and see if one-to-one devices are really necessary for education and evaluate if there should be additional limits placed on grades 6-12.

Physical Activity and Presidential Fitness Test - This bill requires 10 additional minutes per day of physical activity for Kindergarten through 4th grade, which leads the nation in physical activity for children. This bill also requires the presidential fitness test for grades 1-12 after federal guidance is released.

Physician Nutrition Education – This bill requires medical schools in Iowa to require at least 40 hours of coursework on nutrition and metabolic health to graduate. This bill also requires nutrition continuing education for certain doctors and physician assistants. These initiatives aim to ensure that our medical community is focusing on their patients leading a healthy lifestyle.

This bill additionally allows pharmacies to offer ivermectin over-the-counter, allows for nasal epinephrine delivery systems in schools, and allows the state to participate in the psychology compact to attract more psychologists to Iowa.

(Contact: Natalie Ginty 5-2063)

Labor

Iowa's Unemployment Rate Drops to 3.2 Percent in May

Iowa ranks 9th in the country for low unemployment. Iowans are working. America was built off of people like Iowans. We work hard.

Iowa's seasonally adjusted unemployment rate dropped to 3.2 percent in May, down from 3.3 percent in April and 3.6 percent one year ago. Meanwhile, the U.S. unemployment rate remained at 4.3 percent in May.

The total number of unemployed Iowans decreased to 56,100 in May from 57,200 in April.

The total number of working Iowans decreased to 1,676,100 in May. This figure is 1,800 lower than April and 1,600 higher than one year ago. Iowa's labor force participation rate fell to 67.4 percent in May from 67.5 percent in April. "With five months of 2026 data now available, the emerging trend is one of slow-but-steady growth in Iowa hiring," said Beth Townsend, Executive Director of Iowa Workforce Development. "Employers across most Iowa industries are adding jobs on a regular basis even as unemployment insurance claims hover at near-record lows and the state's Unemployment Insurance Trust Fund has a balance of more than \$2.1 billion. At the same time, more than 57,000

unfilled jobs are posted on Iowa *WORKS.gov*, so opportunity remains for anyone who's looking to find a better position or embrace a new career."

Seasonally Adjusted Nonfarm Employment

Businesses in Iowa added 3,400 jobs in May, lifting total nonfarm employment to 1,584,500 jobs. This is the third consecutive gain as the state has added 8,200 jobs since February. The primary driver of these job gains is private service industries. Goods-producing firms, primarily construction and manufacturing, have lost 400 jobs during that same time frame. Government has gained 800 jobs at the local level but is down 1,600 jobs compared to last year, while private industries trail by 10,000 jobs.

Retail trade added the most jobs in May (+1,700). This is the first sizable gain of the year for this sector and the result of hiring in several industries including outdoor power equipment dealers, supermarkets, hardware stores, and car dealers, among others. Professional, scientific, and technical firms gained 900 jobs. This is the first increase since June of last year for this sector. Durable goods manufacturing increased by 600 jobs. Foundries and metal product production helped fuel this growth. This gain, however, was offset partially by a loss of 400 jobs in nondurable goods factories. Firms involved in food production drove this loss. Nondurable goods shops have pared 1,500 jobs since January. Other services shed 500 jobs. This sector has not shown any marked trend over the past 12 months. Health care and social assistance decreased by 500 since April. Losses for this sector are unusual given the steady demand for services within health care industries. The only other losses were small in magnitude and were construction (-400) and administrative support and waste management (-400).

Annually, the state has shed 11,600 jobs since last May. Trade and transportation industries are down 6,100 jobs. Trade industries are responsible for 4,000 jobs shed, and transportation, warehousing, and utilities have lost 2,100 jobs. Manufacturing is down 3,800 jobs over the past 12 months. Factories involved with nondurable goods production have shed most of the jobs lost (-2,200). Conversely, health care and social assistance has added the most jobs annually despite minor losses over the past couple months (+3,200). Construction also experienced a small loss in May yet remains up 1,700 jobs. This sector had previously shown an upward trend since October of last year.

(Info from Iowa Workforce Development and U.S Bureau of Labor Statistics)

(Contact: Kristin Rozeboom 1-3015)

Local Government

Protecting the American Dream of Home Ownership

For generations home ownership has been associated with achieving the American Dream. Owning a home or continuing to improve upon your property embodies the spirit of the American Dream to the pursuit of happiness. Housing affordability has continued to be an issue affecting Iowans of all ages and across both urban and rural areas of the state. There are many contributing factors to housing affordability including housing supply and inventory, property taxes, gaps in the rental market, building codes, zoning, and other regulations. House Republicans have continued to work to address these issues. In the Local Government Committee bills were considered to address accessory dwelling units, building codes, and overly restrictive local regulations.

Accessory Dwelling Units

A new law designed to make housing more affordable and accessible for all Iowans has now gone into effect. The new law will benefit families, seniors, and individuals seeking flexible living arrangements. Now cities and counties are required to allow at least one accessory dwelling unit (ADU)—sometimes known as backyard cottages, in-law suites, or granny flats—on the same lot as a single-family home. This means families can add a small apartment or home on their property, creating new rental units or support for relatives.

Additionally, ADU applications meeting state criteria are approved quickly—within 30 days—or they're automatically granted. Local governments must provide clear reasons if they deny a permit and guidance for fixing any issues. ADUs are ideal for providing affordable independent housing for seniors, caregivers, or adult children. Importantly, the bill

prohibits unnecessary regulations based on age, income, or relationship, giving Iowa families true flexibility. Cities and counties cannot impose extra design requirements, hefty impact fees, or excessive parking mandates for ADUs. The goal is straightforward: encourage the creation of simple, affordable homes without driving up costs. For older Iowans and people with disabilities, ADUs offer the chance to live independently yet close to loved ones, supporting aging in place and community-based care—all at a fraction of the cost of institutional options. Thanks to this common-sense bill, Iowans will have more choice in where and how they live, whether it's bringing aging parents home, providing a starter home for a young adult, or offering a more supportive, home-based option for a family member with disabilities. For many, this could mean affordable, personalized living arrangements that keep loved ones together.

Eliminating Bureaucratic Red Tape

According to a 2025 Common Sense Institute study, the average Iowan needs to work 38 hours per month to afford a new mortgage payment on a typical new single-family home (14 hours less than the national average). Republicans have worked on limiting burdensome regulations on housing construction that leads to increased costs of new homes.

Republicans enacted legislation to address the burdensome regulations enforced by local governments across Iowa. These regulations imposed by cities and counties were exceeding state and federal regulations concerning storm water discharge and increasing construction costs for new housing developments and renovations of existing structures and developments. Now, Iowa law only allows a city or county to adopt and enforce regulations that would exceed these regulations if the city or county pays for the study, design, and engineering costs for a more restrictive runoff requirement as determined by a licensed engineer. This would allow governments to, if they deem necessary, to regulate above the state requirement but to take on the additional costs instead of passing the cost onto homebuilders and ultimately homebuyers. Regulations imposed on new construction in cities attempting to address a citywide issue will only drive increases in new home pricing and drive down new construction.

Additional burdens on new construction from local governments was addressed with a new law to prohibit local governments from imposing specific style and material requirements for residential building materials. Before the law, many cities around the state unnecessarily required homes to have multiple styles of finish on single family homes and limited what specific siding materials that could be used. These local regulations again imposed extra labor and costs that inevitably get passed onto the homebuyer.

This session, House Republicans sent legislation to the Governor to limit the ability of a few residents to delay and/or prevent zoning changes by cities in order to provide more housing opportunities. Senate File 2378 would repeal a provision in law that allows only 20% of property owners within 200 feet of a proposed rezoning area to protest a proposed zoning change. If a petition is filed the city council is required to achieve a 3/4s vote of the in order to rezone an area. Currently, a city council is required to hold a public hearing on the proposed change to allow affected parties to had their voices heard. If no petition is filed following the public hearing only a simple majority vote is needed to enact a zoning change.

The most impactful way to address housing affordability is to close the housing gap. Increasing homebuilding by providing freedom from over regulation will allow the housing gap to close and continue to improve Iowa's housing affordability.

(Contact: Jason Covey 1-3626)

Natural Resources

Iowa Legislature's Increased Investment in Water Quality Begins Implementation

Led by House Republicans, the Iowa Legislature passed historic increases in funding and programming for water quality in the 2026 legislative session. This week, implementation of the legislature's plan was announced by Iowa Secretary of Agriculture, Mike Naig. The Greater Des Moines Watershed Program is a new targeted water quality initiative made possible by the legislation approved during the session. The first phase will provide an enhanced cover crop cost-share rate in 22 counties upstream from the Des Moines metro area. Through the Greater Des Moines Watershed Program, farmers who implement cover crops, whether new or existing, may receive up to \$25/acre up to 500 acres. The goal of this portion of the water quality funds is to double adoption of cover crops within the watershed. While this watershed is targeted, every county in Iowa is eligible for some cost-share funding for cover crops through other programs. Statewide sign up is available now.

(Contact: Mindy Larsen 1-3096)

Public Safety

Iowa's Gun Rights Are Stronger Than Ever This Independence Day

This Fourth of July, Iowans will gather to celebrate the freedoms our founders fought to secure. Among those freedoms, few are more fundamental than the right to keep and bear arms, and few states protect that right better than Iowa.

Over the last several years, House Republicans have built one of the strongest legal frameworks for gun rights in the country. Iowa families don't just have a Second Amendment. They have a state constitution, Iowa law, and a body of case law to back it up.

For most of Iowa's history, the state constitution was silent on firearms. Iowa was one of only six states without an explicit constitutional protection for the right to keep and bear arms. That changed in November 2022, when Iowa voters overwhelmingly approved a new Constitutional Amendment:

"The right of the people to keep and bear arms shall not be infringed. The sovereign state of Iowa affirms and recognizes this right to be a fundamental individual right. Any and all restrictions of this right shall be subject to strict scrutiny."

The last sentence is what makes the amendment especially significant. Strict scrutiny is the highest standard of judicial review that exists in the courts, and is the standard used to review other rights, like freedom of speech. This means any law restricting gun rights in Iowa now must clear the highest bar the legal system has to offer. House Republicans fought for over a decade to get this amendment to the ballot, and Iowa voters delivered.

In addition to the Constitutional protection, Iowa also has a substantial number of laws ensuring law-abiding Iowans can easily exercise their firearms rights. In 2021, Iowa became a constitutional carry state allowing eligible adults to carry a firearm without obtaining a permit. Optional permits remain available for Iowans who want them for reciprocity when traveling to other states, but no Iowan needs the government's permission to exercise a constitutional right at home.

House Republicans have also made sure firearms rights don't change based on where you are in the state. The state preemption law bars cities and counties from passing their own patchwork of gun ordinances stricter than state law. There should be no confusion, the right to keep and bear arms is protected statewide.

Iowa's commitment to the Second Amendment goes beyond the right to own a firearm. House Republicans have also strengthened Iowa's self-defense laws to ensure law-abiding citizens are not treated like criminals when they protect themselves or their families. Whether at home, in a vehicle, at work, or anywhere else they are legally allowed to be, Iowans have strong legal protections when acting in lawful self-defense.

The right to keep and bear arms has always been tied to the idea of self-government — a free people able to defend their homes, their families, and their liberty without asking permission. That's worth remembering this Fourth of July. House Republicans didn't just pass a bill here or there. We changed the Iowa Constitution itself, so that the next generation of Iowans inherits more freedom than the one before them.

Iowa families can celebrate this Independence Day knowing their right to keep and bear arms isn't just respected. It's protected, by the strongest legal standard our system has, written permanently into the Iowa Constitution.

(Contact: Amanda Wille 1-5230)

State Government

Protecting Iowa's Democratic Process

At the Second Continental Congress, America's founding fathers declared independence from Great Britain and established the United States of America. The Declaration of Independence laid out the foundation for representative government and the "consent of the governed" giving Americans the equal right to suffrage. The foundation of free and open elections is the core of America's identity.

Ensuring that elections are conducted in a free and equal manner is vital to preserving democracy. Iowa Republicans have continued to protect the integrity of Iowa's elections to maintain that trust in the election process.

[House File 2501](#) was signed into law this year to address several issues that have arisen after election cycles. The bill will restore that the filing and challenging process for city and school officials are conducted by county auditors. Currently, if there is a challenge to the validity of a school board candidate's nomination papers the complaint would be filed to the school board secretary and then considered by the school board president, secretary, and one other member of the board. By moving these procedures back to the county auditor's office suspicion of impropriety can be eliminated and keeps all election related processes with the county's election commissioners.

The legislation also strikes a provision in code that allows voters to vote on election day without providing their identification. Under current law, a registered voter who arrives at their election precinct without acceptable identification is allowed to have another registered voter of that precinct attest to their eligibility to cast a ballot. HF 2501 eliminates this attestation portion of law, which undermines the integrity of Iowa's strong voter ID laws. The enactment of this piece does not prevent an eligible voter from voting. A registered voter without ID is still allowed to cast a provisional ballot on election day and cure the ballot by providing their identification to the county auditor before the official canvass of votes. This measure simply ensures that all voters provide verification of their identity before casting a ballot.

Another bill passed by House Republicans was HF 2609, which would have provided transparency and accountability for campaign material and advertisements that use artificial intelligence to create or manipulate media. With the proliferation of AI platforms and services more and more media is artificially created or manipulated. When it comes to Iowa's elections and campaigns it is important that the material being used by campaigns is transparent and not fake. The proposed legislation would have required any campaign material that has been intentionally manipulated with the use of any digital technology to create realistic, but false images, audio, or video of an individual to have a prominent

label that contains “THIS CONTENT GENERATED USING SYNTHETIC MEDIA”. These materials would include “deep-fake” videos or images of candidates, AI-generated images, or altered audio recordings.

(Contact: Jason Covey 1-3626)

Transportation

Iowa’s Rest Areas Ready to Serve Travelers this Fourth of July

As Iowans hit the roads to celebrate America’s 250th birthday, many will traverse the state via Iowa’s interstate highways. And as they travel, many will visit a hallmark of American travel culture - the rest stop.

Iowa’s road system has 38 full-service rest stops and 12-parking-only sites. The full-service rest stops include all the amenities travelers expect in a modern rest area - restrooms, traveler information, vending machines, open space for two and four legged travelers, and access to WiFi service.

Over the past few years, the Department of Transportation has been building and renovating a growing number of rest stops. Thanks to the persistence of Rep. Ann Meyer, one of the new options being deployed is the inclusion of adult-sized changing tables to help those with disabilities. As of this summer, 23 of Iowa’s full-service rest stops have these installed for use. That’s significant progress for an effort that started in 2021.

Rest areas are not just important to travelers. They are also a vital service for America’s trucking industry. With federal requirements that limit the amount of time a trucker can be behind the wheel each day, the need for space for trucks to stop and drivers to rest are increasing. Iowa’s rest areas have 830 parking spaces for trucks currently, with the state looking for ways to expand that number by 250 in future years.

So as Iowans get ready to head out on the great American road trip, they know there are plenty of places on Iowa’s primary roadways to stop and take a quick break.

(Contact: Brad Trow 1-3471)

Veterans Affairs

Col. Charles Lampe Appointed Deputy Adjutant General-Army for the Iowa National Guard

Governor Kim Reynolds has appointed Col. Charles Lampe as the Deputy Adjutant General-Army for the Iowa National Guard.

“Colonel Lampe has demonstrated exceptional leadership throughout his distinguished military career and a steadfast commitment to Iowa’s Soldiers, families and communities,” said Gov. Kim Reynolds. “His extensive operational experience, strategic vision, and dedication to service will help ensure the Iowa Army National Guard remains ready to meet any challenge. I am confident Colonel Lampe will be an outstanding partner to Major General Osborn as they lead the Iowa National Guard into the future.”

Lampe enlisted in the United States Army Reserve in 1993 before joining the Iowa Army National Guard in 1995 as a Black Hawk helicopter repairer. After graduating from the Iowa Military Academy’s Officer Candidate School program in 1999, he was commissioned as an Aviation Officer and has since served in numerous command and leadership positions across the Iowa Army National Guard.

His assignments have included Training Officer for the 109th Aviation Regiment, Officer in Charge of the 248th Aviation Support Battalion, Logistics Management Officer and Test Pilot at Army Aviation Support Facility No. 1, Facility Commander at Army Aviation Support Facility No. 1, Commander of the 67th Troop Command, Director of Army Aviation and Safety, and Chief of Staff for the Iowa Army National Guard.

Lampe is a Master Army Aviator with more than 3,000 flight hours and is qualified in multiple aircraft platforms. His military awards and decorations include the Legion of Merit, Bronze Star Medal with Oak Leaf Cluster, Meritorious Service Medal with two Oak Leaf Clusters, Air Medal, and numerous federal and state awards recognizing his leadership and service.

He holds a Bachelor of Arts degree in Management from Simpson College, a Master of Arts degree in Collaborative Education from Graceland University, and a Master of Strategic Studies degree from the U.S. Army War College.

As Deputy Adjutant General, Lampe will assist Major General Stephen Osborn in leading and managing the Iowa Army National Guard's more than 7,000 Soldiers serving in communities across the state. In this role, he will help oversee military readiness, domestic response operations, personnel development and strategic initiatives supporting both state and national security objectives.

(Contact: Natalie Ginty 5-2063)

Ways & Means

Property Tax Reform & Owning Your First Home

This newsletter series continues to examine the 75-page property tax reform bill passed as Senate File 2472 during the 2026 legislative session. This installment will cover Division IV—a reimagining of Iowa's First-time Homebuyer Savings Account. The new program—FirstHome Iowa Accounts—will work like the already successful Iowa 529 plans. These new accounts will help pave the way to homeownership for the next generation of Iowa families.

Division IV—FirstHome Iowa Accounts

The division first sets forth definitions for the newly created FirstHome Iowa program. *Participants* are those who enter into a participation agreement and fund the account on behalf of a *beneficiary*. A *beneficiary* must be a first-time homebuyer and resident of Iowa. Qualified expenses a beneficiary can use the account for include down payments, closing costs, taxes, fees, etc. The purchased home must be located in Iowa.

The division provides that the trust will be housed within the state treasurer's office, makes the treasurer the trustee and administrator of the trust, and gives the treasurer rule-making authority. It provides that the trust may enter into agreements with participants on behalf of beneficiaries pursuant to certain terms. The maximum contributions that may be deducted for purposes of Iowa income tax is \$5,500 per beneficiary per year (adjusted annually to CPI) and a participant may cancel an agreement at any time and shall be entitled to the return of the participant's account balance.

The division further provides that a taxpayer (think beneficiary) can deduct (from Iowa income) contributions and income from interest and earnings from FirstHome accounts. It does provide however, that a taxpayer shall add back (to Iowa income) contributions if the participation agreement is cancelled or if withdrawals are used for non-qualified expenses.

So what happens if you already have a First Time Home-buyer Savings Account? Don't worry—the new program allows for the transfer of funds currently in a first-time homebuyer account to a FirstHome Iowa program trust without penalty. Additionally, no new first-time homebuyer accounts will be established after July 1, 2026.

When does this all start? Right before America's 250th birthday. The tax benefits provided in the bill are for contributions made on or after July 1, 2026.

So who benefits? So many people! The participants (those who fund the account) get to deduct their contributions just like a 529 plan. The beneficiaries get the money tax free if they use it for buying their first home. Finally—everyone wins when Iowans stay in Iowa and raise their family in the greatest state in the union.

Next week the newsletter will focus on Divisions V and VI which have to do with schools and property tax.

(Contact: Kristi Kiouss 2-5290)