

Federal Funding for Education Jobs and Medical Assistance

The slow progress to economic recovery nationally has resulted in Congress approving \$26 billion in additional recovery funds for the states. The additional funding will provide \$10 billion to help states bolster funding for K-12 schools, to prevent teacher lay-offs due to state budget cuts, and \$16 billion to help states with burgeoning Medicaid budgets.

Iowa is estimated to receive \$224 million of this new recovery money, which will be available for the current fiscal year 2011 budget.

Teachers

Iowa is estimated to receive \$96 million to help prevent approximately 1,500 teacher layoffs throughout the state's K-12 school districts. The funding is expected to be distributed similar to the state foundation aid payment cycle. The State Department's of Management and Education are working with the U.S. Department of Education on the details of implementation.

Medical Assistance

The federal legislation also included a six-month extension of enhanced Medicaid funding to states, known as the Federal Medical Assistance Percentage (FMAP). These funds were originally scheduled to end December 31, 2010, and will now provide assistance through the end of the fiscal year, June 30, 2011.

Iowa is estimated to receive at least \$128 million in additional Medicaid funding as a result of this extension. The bill also phases down the enhanced FMAP payments over the first two quarters in 2011, first to 3.2% and finally to 1.2% through June.