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RELEASE: State to return CARES funds for IT expenses, will continue to pursue critical upgrades

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OFFICE OF THE GOVERNOR
Governor Kim Reynolds★ Lt. Governor Adam Gregg

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State to return CARES funds for IT expenses, will continue to pursue critical upgrades

DES MOINES – Governor Reynolds has directed the Iowa Department of Management to return \$21 million to Iowa's Coronavirus Relief Fund. The funds were initially allocated for payments related to the state's contract with Workday, a cloud-based human resources, finance, and planning system being implemented to modernize the state's IT infrastructure. Of the allocation, \$4.45 million was spent on the project.

"The COVID-19 pandemic only further highlighted the critical need for integrated IT systems that will improve operational efficiency and effectiveness for the State of Iowa," said Gov. Reynolds. "Following multiple conversations with the Treasury Department last spring, we believed we had assurances that the upgrade to Workday qualified as an allowable expense. We would not have moved forward without those assurances."

The Department of the Treasury's OIG affirmed its determination that payments for Workday were not allowable expenditures under the CARES Act. While the State still maintains its position that these are allowable expenditures, it respects the decision and will return the funds by December 18.

Replacing the State's outdated IT systems remains a critical need, and has received overwhelming bi-partisan support from the Legislature and elected officials. As such, the Workday implementation will continue as planned. The estimated costs and timelines of the project have not

changed. Supplemental funding will needed to support the completion.

Iowa received a total allocation of **\$1.25 billion** from the Coronavirus Relief Fund established by the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. The \$4.45 million spent on Workday represents just **0.36%** of the total funds, while more than **96%** has been allocated to programs that have provided direct relief for Iowans.

- More than **\$76M** to support Iowa families
- More than **\$126M** to support small businesses and non-profits
- More than **\$110M** to support Iowa farmers and producers
- **\$125M** to support Iowa communities
- Nearly **\$112M** to support Iowa health care providers
- **\$490M** for the Unemployment Trust Fund, creating tax relief for 40,766 employers
- **\$35M** for Broadband Expansion Grants
- **\$127M** for COVID-19 operations

The State will allocate the remaining \$47.3 million by the December 30 deadline, but an extension from the federal government would allow time to use the funds to create additional programs and support other needs among Iowans. Governor Reynolds strongly encourages Congress to work together and make additional support possible for American families, workers and businesses before the end of the year.

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