

ITEM #:	14
DATE:	08-25-26
DEPT:	ADMIN

COUNCIL ACTION FORM

SUBJECT: SPECIAL ASSET FUNDING REQUEST FOR FY 2026/27 FROM THE ARC OF STORY COUNTY

BACKGROUND:

The Arc of Story County (The Arc) is a local nonprofit organization that provides advocacy, support, and services to individuals with intellectual and developmental disabilities and their families. The Arc receives funding through the ASSET (Analysis of Social Services Evaluation Team) process from both the City and United Way of Story County. For FY 2026/27, the City has allocated a total of \$32,418 to support five Arc programs and services.

One of these programs, Active Lifestyles, has been allocated \$6,000 through the City. Active Lifestyles serves approximately 124 individuals by offering social and recreational opportunities that foster community engagement, build peer relationships, and promote the development of skills that support healthy and independent lifestyles. However, the program is facing a significant funding shortfall as a result of the redesign of Iowa's behavioral health and disability services system.

During the first half of FY 2025/26, Active Lifestyles received \$25,000 in funding through Polk County Behavioral Health and Disability Services. Funding for the second half of FY 2025/26 was provided by Iowa's designated Administrative Services Organization (ASO), in the amount of \$25,000. In June, however, The Arc was notified that funding for Active Lifestyles would not continue beyond June 30, 2026. **As a result, the program is facing a projected \$50,000 funding loss in FY 2026/27.**

To address the funding shortfall, The Arc has been pursuing several strategies. The organization explored becoming a Medicaid provider through the Iowa Department of Health and Human Services and discussed potential partnerships with peer organizations that currently operate under Medicaid provider status. However, neither option proved feasible. In addition, The Arc of Story County's Board of Directors is actively working to expand fundraising efforts to generate new revenue sources for the program but recognizes that fundraising will require time to produce results. **Therefore, The Arc is seeking special funding requests of \$10,000 each to the City of Ames and United Way of Story County as well as possibly using reserve funds on an interim basis while longer-term funding solutions are pursued.**

If this funding request is approved, The Arc's FY 2026/27 contract will be amended to reflect the revised funding amount, and funds will be disbursed in accordance with the terms of the contract. The rate per one hour of recreation services is \$10.87, and this will remain unchanged. If the additional \$10,000 is approved, the new total amount would be \$16,000, equaling 1,471 units of service.

The FY 2026/27 ASSET funding approved by City Council includes \$56,002 of

unallocated funding, reserved for basic needs. This amount is available to be used for considering special requests such this.

ALTERNATIVES:

1. Approve the Arc's special request for additional funding in the amount of \$10,000 for the Active Lifestyles program to be paid from the unallocated balance in the ASSET budget.
2. Do not approve The Arc's special request for additional funding.

CITY MANAGER'S RECOMMENDED ACTION:

Funding for The Arc's Active Lifestyles program has been adversely affected by the redesign changes to Iowa's behavioral health and disability services system. While the organization continues to explore sustainable, long-term funding solutions, additional time is needed to implement these strategies and realize their potential outcomes. This one-time additional funding would help ensure continuity of services during this transition period. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1 as noted above.

ATTACHMENT(S):

[Arc Special Funding Request FY27.docx](#)

[FY 2026/27 ASSET Contract - The Arc.pdf](#)