

State of Iowa
Projected Condition of the General Fund Budget
(Dollars in Millions)

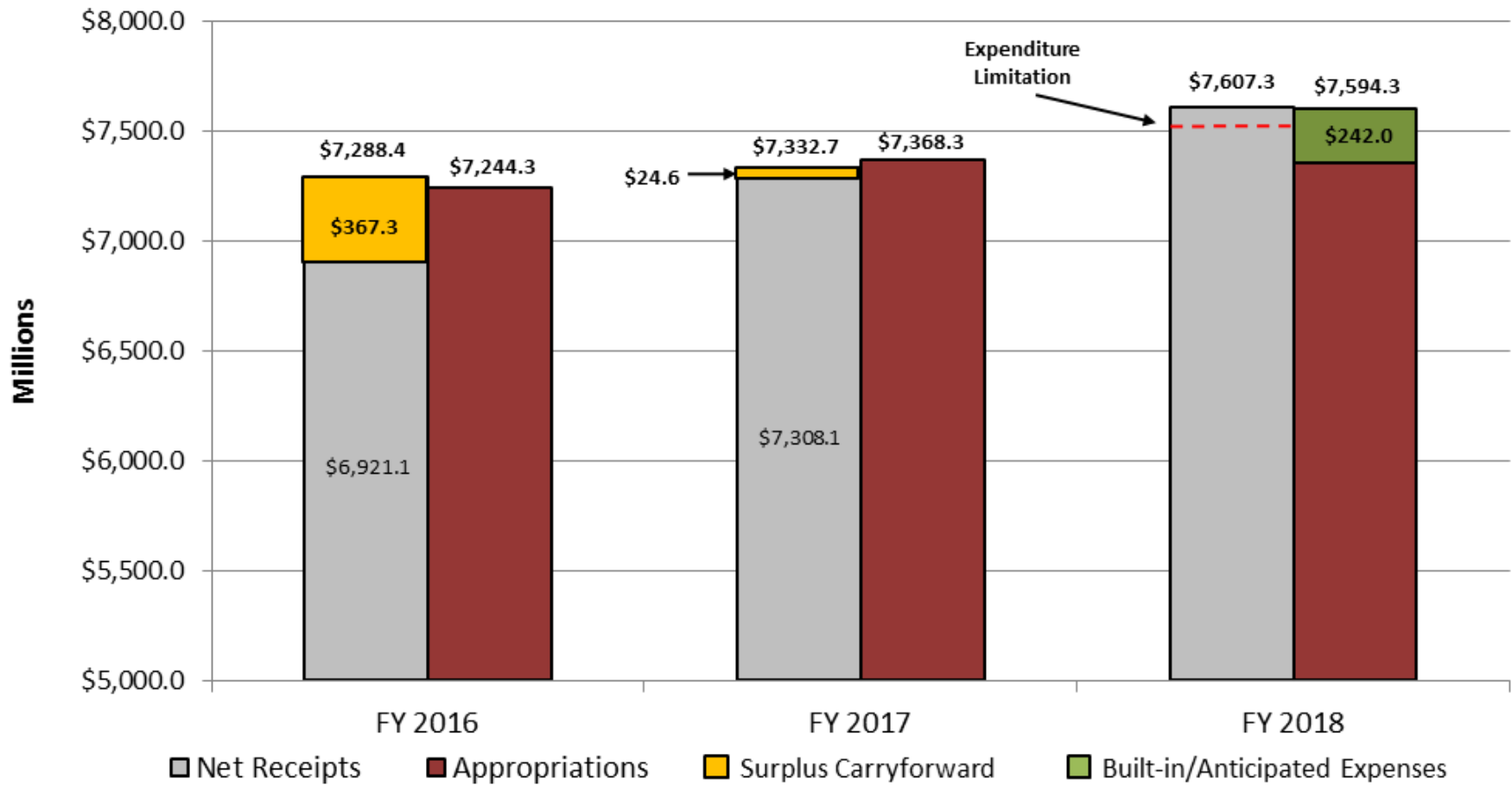
| | Actual FY 2016 | Estimated FY 2017 | Projection FY 2018 |
|---|---------------------------|------------------------------|-------------------------------|
| Funds Available: | | | |
| Receipts ¹ | \$ 6,921.1 | \$ 7,308.1 | \$ 7,607.3 |
| Surplus Carryforward | 367.3 | 24.6 | 0.0 |
| Total Funds Available | \$ 7,288.4 | \$ 7,332.7 | \$ 7,607.3 |
| Expenditure Limitation | | | \$ 7,531.2 |
| Estimated Appropriations and Expenditures: | | | |
| Enacted Appropriations/FY 2018 Baseline | \$ 7,174.3 | \$ 7,350.6 | \$ 7,352.3 |
| Adjustment to Standings | 8.1 | 1.7 ² | 0.0 |
| Supplemental/Deappropriations | 72.4 | 21.0 ³ | 0.0 |
| Built-in and Anticipated Increases | 0.0 | 0.0 | 242.0 |
| Total Before Balance Adjustment | 7,254.8 | 7,373.3 | 7,594.3 |
| Adjustment to Balance Budget | 0.0 | - 35.6 | - 63.1 |
| Total Appropriations | \$ 7,254.8 | \$ 7,337.7 | \$ 7,531.2 |
| Reversions | - 10.5 | - 5.0 | - 5.0 |
| Net Appropriations | \$ 7,244.3 | \$ 7,332.7 | \$ 7,526.2 |
| Ending Balance - Surplus | \$ 44.1 | \$ 0.0 | \$ 81.1 |

¹ The FY 2017 and FY 2018 revenue estimates represent increases of 5.6% and 4.1%, respectively. The estimates were established by the Revenue Estimating Conference on October 13, 2016.

² The FY 2017 appropriation for State Aid to Schools was adjusted by \$1.7 million to reflect changes in various factors that comprise the school aid formula including enrollment, property valuations, and special education.

³ The Medicaid Forecasting Group is estimating a \$21.0 million shortfall in the General Fund Medicaid appropriation for FY 2017.

General Fund Budget

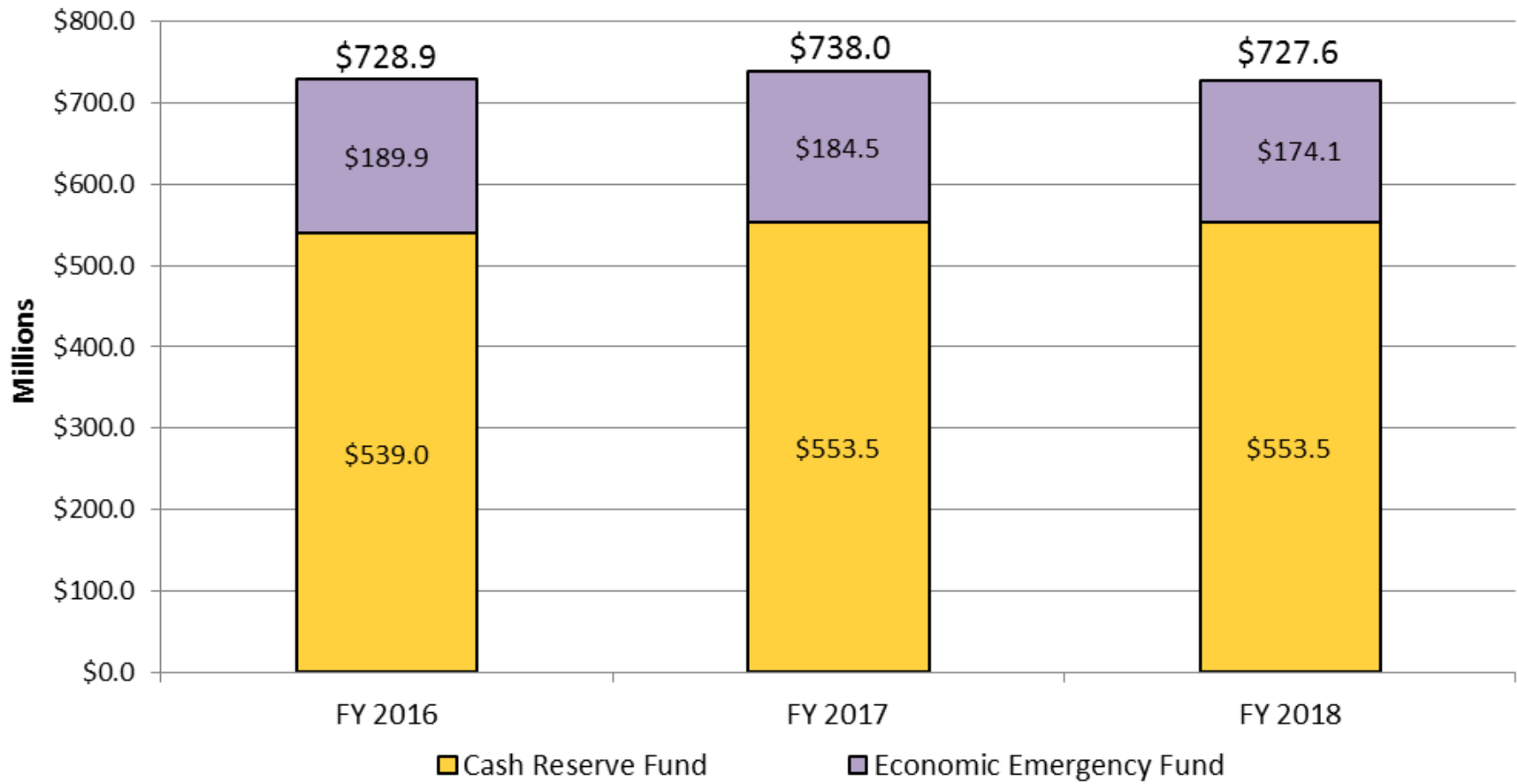


State of Iowa Reserve Funds

(Dollars in Millions)

| Cash Reserve Fund (CRF) | Actual | Estimated | Projection |
|---|-----------------|------------------|-------------------|
| | FY 2016 | FY 2017 | FY 2018 |
| Funds Available | | | |
| Balance Brought Forward | \$ 523.3 | \$ 539.0 | \$ 553.5 |
| Gen. Fund Transfer from Surplus | 410.7 | 44.1 | 0.0 |
| Total Funds Available | <u>\$ 934.0</u> | <u>\$ 583.1</u> | <u>\$ 553.5</u> |
| Excess Transferred to EEF | -395.0 | -29.6 | 0.0 |
| Balance | <u>\$ 539.0</u> | <u>\$ 553.5</u> | <u>\$ 553.5</u> |
| <i>Maximum 7.5%</i> | \$ 539.0 | \$ 553.5 | \$ 570.5 |
| Economic Emergency Fund (EEF) | | | |
| | Actual | Estimated | Projection |
| | FY 2016 | FY 2017 | FY 2018 |
| Funds Available | | | |
| Balance Brought Forward | \$ 174.5 | \$ 189.9 | \$ 184.5 |
| Excess from Cash Reserve | 395.0 | 29.6 | 0.0 |
| Total Funds Available | <u>\$ 569.5</u> | <u>\$ 219.5</u> | <u>\$ 184.5</u> |
| Appropriations & Transfers | | | |
| Excess Transferred to General Fund | \$ - 367.3 | \$ - 24.6 | \$ 0.0 |
| Excess Transferred to Taxpayer Trust Fund | 0.0 | 0.0 | 0.0 |
| Executive Council - Performance of Duty | -12.3 | -10.4 | -10.4 |
| Balance | <u>\$ 189.9</u> | <u>\$ 184.5</u> | <u>\$ 174.1</u> |
| <i>Maximum 2.5%</i> | \$ 179.7 | \$ 184.5 | \$ 190.2 |
| Combined Reserve Fund Balances | | | |
| | Actual | Estimated | Projection |
| | FY 2016 | FY 2017 | FY 2018 |
| Cash Reserve Fund | \$ 539.0 | \$ 553.5 | \$ 553.5 |
| Economic Emergency Fund | 189.9 | 184.5 | 174.1 |
| Total CRF and EEF | <u>\$ 728.9</u> | <u>\$ 738.0</u> | <u>\$ 727.6</u> |

Reserve Funds

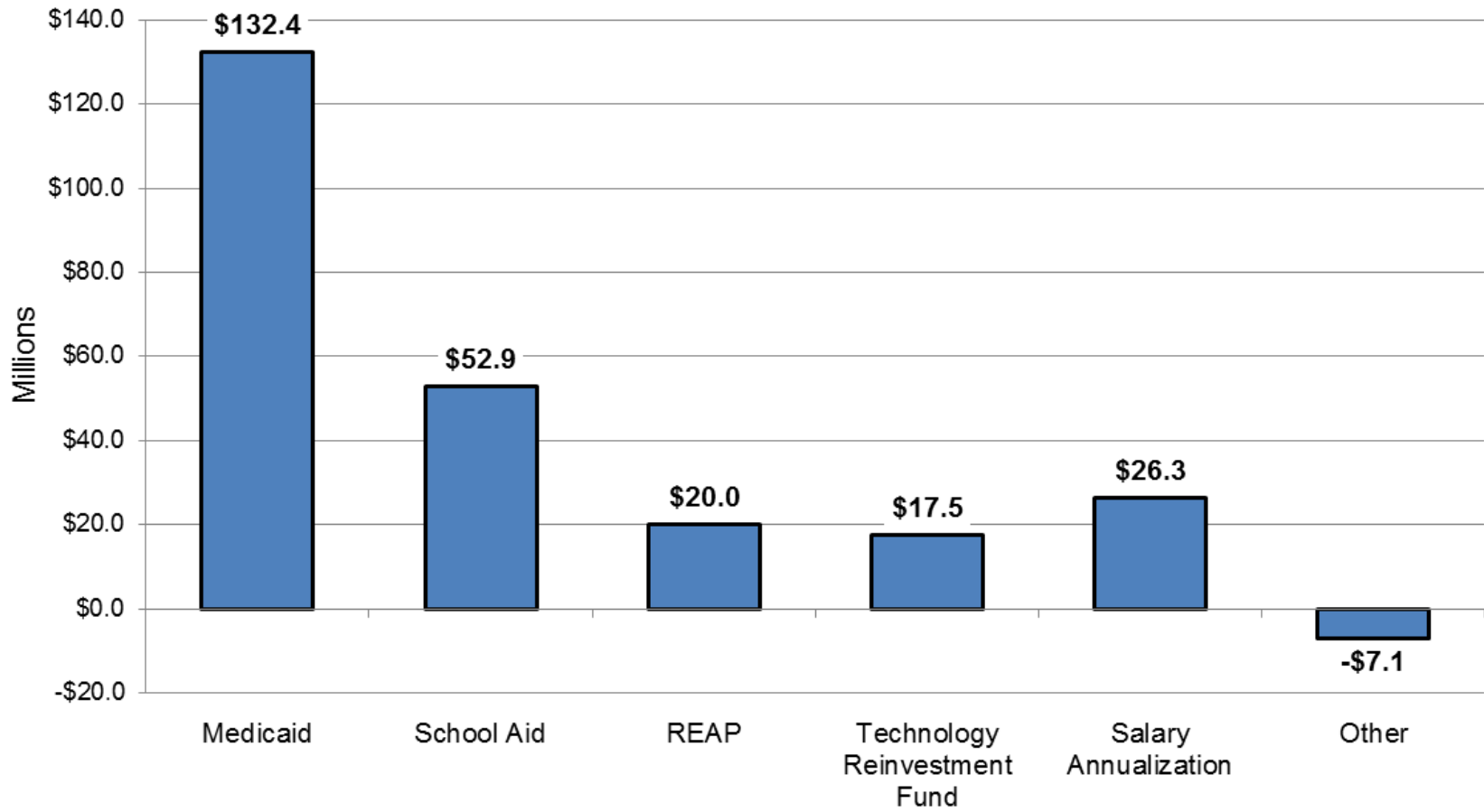


FY 2018 General Fund Built-in and Anticipated Expenditures

(Dollars in Millions)

| | LSA |
|--|-------------------------------|
| | <u>Estimates</u> |
| <u>Built-in Changes</u> | |
| 1. Human Services – Medical Assistance | \$ 132.4 |
| 2. Education – K-12 School Foundation Aid | 52.9 |
| 3. Natural Resources – REAP | 20.0 |
| 4. Management – Technology Reinvestment Fund | 17.5 |
| 5. Education – Instructional Support Program | 14.8 |
| 6. Management – State Appeal Board Claims | 4.7 |
| 7. College Aid – College Work Study Standing | 2.8 |
| 8. Public Safety – Peace Officer Retirement Unfunded Liability | 2.5 |
| 9. Education – Nonpublic School Transportation | 2.0 |
| 10. Revenue – Homestead Property Tax Credit | 0.4 |
| 11. Economic Development Authority – World Food Prize | 0.3 |
| 12. Cultural Affairs – County Endowment Fund | 0.1 |
| 13. Revenue – Military Service Tax Credit and Exemption | -0.1 |
| 14. Revenue – Commercial/Industrial Property Tax | -2.5 |
| 15. College Aid – Iowa Tuition Grant (nonprofit) | -3.4 |
| Subtotal | <u>\$ 244.4</u> |
| <u>Anticipated Expenditure Changes</u> | |
| 16. Management – Salary Annualization | \$ 26.3 |
| 17. Human Services – Child Care Assistance | 11.4 |
| 18. Human Services – Child and Family Services | 5.5 |
| 19. Human Services – Field Operations | 4.5 |
| 20. Corrections – Drug Costs at Oakdale | 2.2 |
| 21. Public Safety – Peace Officers' Retirement System | 0.9 |
| 22. Corrections – County Billings | 0.8 |
| 23. Education – Teacher Leadership Compensation System | -54.0 |
| Subtotal | <u>\$ -2.4</u> |
| Total | <u><u>\$ 242.0</u></u> |

FY 2018 Built-in and Anticipated Expenditures (Dollars in Millions)



State Tax Credit Expected Claims Projection

(Dollars in Millions)

| <u>Tax Credit Program</u> | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> |
|--|-----------------|-----------------|-----------------|
| <u>Capped Programs</u> | | | |
| Accelerated Career Education Tax Credit | \$ 4.2 | \$ 3.9 | \$ 3.9 |
| Agricultural Assets Transfer Tax Credit | 3.1 | 5.3 | 5.7 |
| Custom Farming Contract Tax Credit | 0.0 | 0.1 | 0.2 |
| Endow Iowa Tax Credit | 5.3 | 5.0 | 5.0 |
| Enterprise Zone Program | 7.5 | 5.6 | 2.9 |
| Enterprise Zone Program - Housing Component | 13.0 | 16.4 | 10.7 |
| Film, Television, and Video Project Promotion Program - Awarded | 0.0 | 0.0 | 0.0 |
| High Quality Jobs Program | 38.2 | 37.4 | 50.7 |
| Historic Preservation and Cultural and Entertainment District Tax Credit | 34.9 | 52.9 | 56.2 |
| Redevelopment Tax Credit | 2.6 | 6.7 | 6.8 |
| Renewable Energy Tax Credit | 4.5 | 9.2 | 13.0 |
| School Tuition Organization Tax Credit | 10.6 | 11.3 | 11.3 |
| Solar Energy System Tax Credit | 3.2 | 3.6 | 3.8 |
| Venture Capital Tax Credit - Innovation Fund | 2.1 | 1.0 | 2.0 |
| Venture Capital Tax Credit - Iowa Fund of Funds | 0.9 | 1.2 | 0.0 |
| Venture Capital Tax Credit - Qualified Bus. or Comm.- Capital Fund | 1.0 | 1.6 | 2.1 |
| Venture Capital Tax Credit - Venture Capital Funds | 0.1 | 0.0 | 0.0 |
| Wage-Benefits Tax Credit | 0.0 | 0.0 | 0.0 |
| Wind Energy Production Tax Credit | 0.8 | 2.2 | 1.7 |
| Workforce Housing Tax Incentive Program | 0.0 | 6.2 | 10.6 |
| Total Capped Programs | \$ 131.9 | \$ 169.6 | \$ 186.7 |
| <u>Uncapped Programs</u> | | | |
| Adoption Tax Credit | \$ 0.4 | \$ 0.5 | \$ 0.9 |
| Biodiesel Blended Fuel Tax Credit | 13.5 | 16.0 | 15.2 |
| Charitable Conservation Contribution Tax Credit | 0.4 | 0.7 | 0.7 |
| Child and Dependent Care Tax Credit | 5.6 | 6.7 | 6.4 |
| E15 Gasoline Promotion Tax Credit | 0.1 | 0.4 | 0.4 |
| E85 Gasoline Promotion Tax Credit | 1.9 | 2.2 | 2.5 |
| Early Childhood Development Tax Credit | 0.7 | 0.8 | 0.8 |
| Earned Income Tax Credit | 71.3 | 72.2 | 71.8 |
| Ethanol Promotion Tax Credit | 1.7 | 1.4 | 1.1 |
| Farm to Food Donation Tax Credit | 0.0 | 0.0 | 0.0 |
| Geothermal Heat Pump Tax Credit | 1.6 | 2.3 | 0.3 |
| Geothermal Tax Credit | 0.0 | 0.0 | 1.5 |
| Iowa Industrial New Job Training Program (260E) | 37.5 | 42.5 | 43.8 |
| New Capital Investment Program | 0.0 | 0.0 | 0.0 |
| New Jobs and Income Program | 0.0 | 0.0 | 0.0 |
| Research Activities Tax Credit | 53.3 | 60.5 | 64.4 |
| Supplemental Research Activities Tax Credit | 7.0 | 4.0 | 5.6 |
| Targeted Jobs Tax Credit from Withholding | 5.0 | 4.9 | 5.2 |
| Tuition and Textbook Tax Credit | 15.0 | 15.3 | 15.4 |
| Volunteer Firefighter and EMS Tax Credit | 1.4 | 1.3 | 1.3 |
| Total Uncapped Programs | \$ 216.3 | \$ 231.7 | \$ 237.4 |
| Tax Credit Program Total | \$ 348.1 | \$ 401.3 | \$ 424.1 |

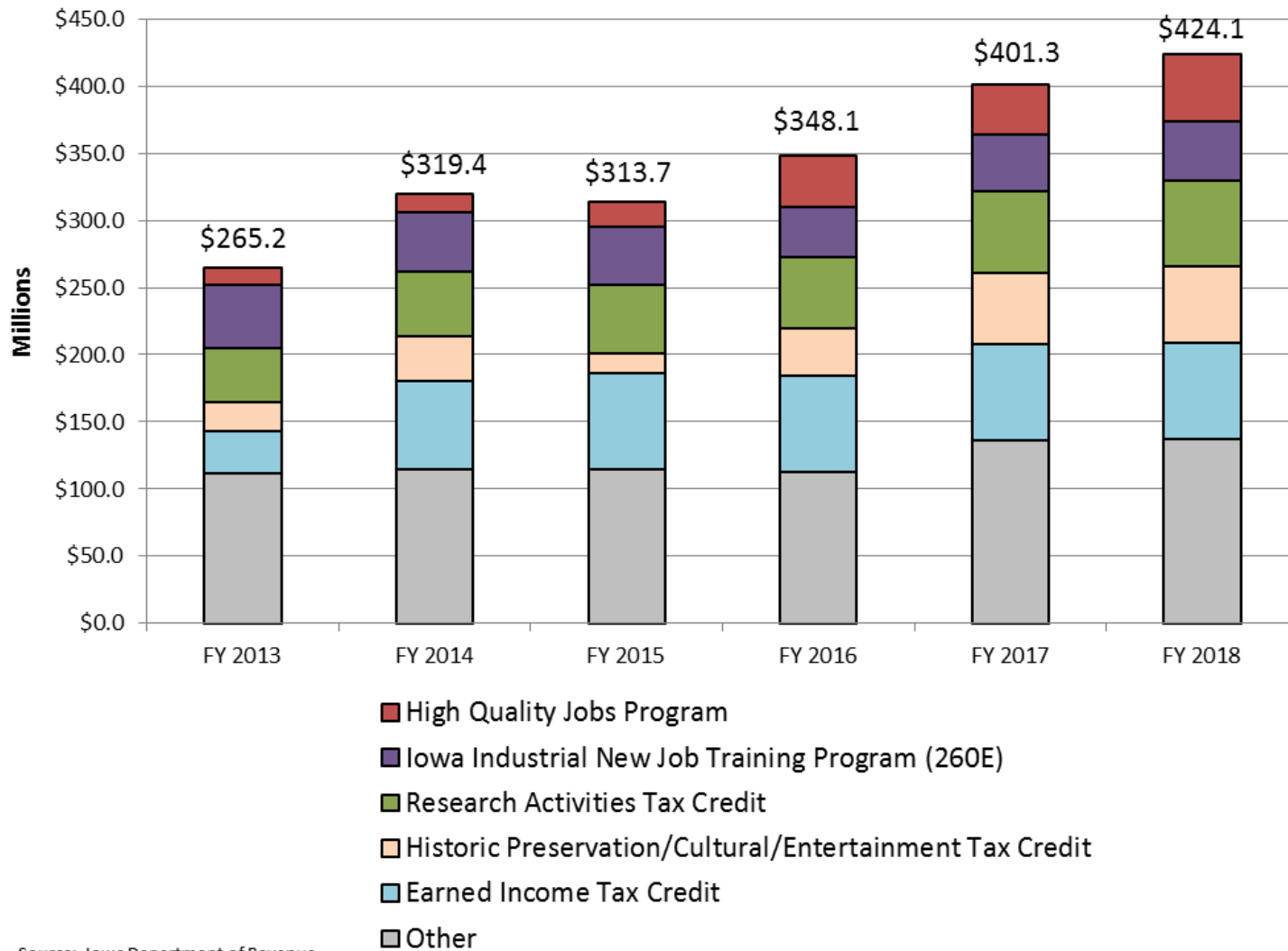
Notes:

These estimates are based on the Tax Credit Expected Claims Projection published by the Department of Revenue in October 2016. The table above reflects the tax credits that are likely to be claimed in a given fiscal year based on previous experience. The projected claims are incorporated in the FY 2017 and FY 2018 REC revenue estimates.

The numbers may not equal totals due to rounding.

Expected Tax Credit Claims

Dollars in Millions



Taxpayers Trust Fund

(Dollars in Millions)

| | <u>Actual FY 2016</u> | <u>Estimated FY 2017</u> | <u>Projected FY 2018</u> |
|------------------------------------|---------------------------|------------------------------|------------------------------|
| Funds Available | | | |
| Balance Brought Forward | \$ 8.1 | \$ 8.1 | \$ 8.1 |
| Economic Emergency Transfer | 0.0 | 0.0 | 0.0 |
| Total Funds Available | <u>\$ 8.1</u> | <u>\$ 8.1</u> | <u>\$ 8.1</u> |
| Transfer to Tax Credit Fund | <u>\$ 0.0</u> | <u>\$ 0.0</u> | <u>\$ 0.0</u> |
| Total Expenditures | <u>\$ 0.0</u> | <u>\$ 0.0</u> | <u>\$ 0.0</u> |
| Ending Balance | <u><u>\$ 8.1</u></u> | <u><u>\$ 8.1</u></u> | <u><u>\$ 8.1</u></u> |

Taxpayers Trust Fund Tax Credit Fund

(Dollars in Millions)

| | <u>Actual FY 2016</u> | <u>Estimated FY 2017</u> | <u>Projected FY 2018</u> |
|--------------------------------------|---------------------------|------------------------------|------------------------------|
| Funds Available | | | |
| Balance Brought Forward | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Transfer from Taxpayer Trust Fund | 0.0 | 0.0 | 0.0 |
| Total Funds Available | <u>\$ 0.0</u> | <u>\$ 0.0</u> | <u>\$ 0.0</u> |
| Expenditures | | | |
| Transfer to General Fund | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Reversion to the Taxpayer Trust Fund | 0.0 | 0.0 | 0.0 |
| Total Expenditures | <u>\$ 0.0</u> | <u>\$ 0.0</u> | <u>\$ 0.0</u> |
| Ending Balance | <u><u>\$ 0.0</u></u> | <u><u>\$ 0.0</u></u> | <u><u>\$ 0.0</u></u> |