

# Budget Unit Brief

## FY 2017



## Consolidated Farm Operations Revolving Fund

### Purpose

Historically, the State Institutions (prisons and Department of Human Services' residential facilities) operated farms to offset operating costs. The farms provided food and generated work for the Institutions' residents. The General Assembly eliminated the Department of Social Services by dividing it into the [Department of Corrections](#) (DOC) and the [Department of Human Services](#) (DHS) in 1983. The responsibility for managing the farms was given to the newly created DOC in cooperation with the DHS.

[House File 2458](#) (FY 2017 Justice System Appropriations Act) specifies that it is the intent of the General Assembly that the DOC continue farm operations at the same or greater level as was in existence on January 1, 2011. This language has been included in the Appropriations Act for several years. The DOC is prohibited from renting land under its control that was not subject to a rental agreement or contract on January 1, 2011, without legislative approval. The DOC is required to provide meaningful job opportunities for inmates employed on the farms.

### Fund Created

Iowa Code section [904.706](#) creates the Revolving Farm Fund to provide a funding mechanism for farm operations. The farms are maintained on a cash-based accounting system. Profits and losses generated by the prison farms flow through this Fund. All income generated from renting DHS farms is deposited in the Farm Account Revolving Fund. The Fund's year-end balance carries forward to the next fiscal year. No state appropriations support the prison farms; they must generate a net profit to remain in business.

Annual financial reporting is required on a calendar year basis. Iowa Code section [904.706](#) also requires the Governor, the chairpersons and ranking members of the [House](#) and [Senate](#) Appropriations Committees, the chairpersons and ranking members of the [Justice System Appropriations Subcommittee](#), plus the chairpersons and ranking members of the [Health and Human Services Appropriations Subcommittee](#) to be notified before any farm operation is phased out or farmland is sold. Iowa Code section [904.317](#) permits the DOC Director to buy and sell real estate, and sets the parameters of any acquisition or sale of real estate.

### Current Situation

[Iowa Prison Industries](#) (IPI) manages farmland owned by the DOC and the DHS, through an agreement between the two Departments under Iowa Code chapter [28D](#). Iowa Code section [904.302](#) creates the Farm Operations Administrator and defines the duties of the position. Currently, IPI manages approximately 5,000 acres of farmland. There are about 1,175 acres of crop ground, 1,851 acres of pasture or timber, and 1,848 acres rented out. Operating farms are located at Anamosa, Fort Madison, Newton, Mitchellville, and Rockwell City. Farmland is rented at Eldora, Clarinda, Independence, and Woodward. The IPI began paying property taxes on rented farmland beginning in calendar year (CY) 2007.

The farming operation includes row crops, cattle, and rent. In addition to renting to local farmers, the IPI rents to other state agencies or private nonprofit corporations. The Clarinda Youth Corporation rents 20 acres for its program for at-risk or delinquent youth. The Animal Rescue League (ARL) rents 10 acres at Rockwell City for rescued horses. Mitchellville entered into a joint venture with Iowa State University (ISU) for planting trees on one acre. The Department of Natural Resources (DNR) rents 50 acres: 47 acres at Fort Madison (state nursery seedlings), one acre at Mitchellville (wildflowers), and two acres at Rockwell City (wildflowers and prairie grasses). Iowa Code section [904.705](#) permits the DOC to operate forestry nurseries in cooperation with the DNR.

### Related Statutes and Administrative Rules

Iowa Code chapter [904](#)  
[201](#) Iowa Administrative Code

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### More Information

Department of Corrections: <http://www.doc.state.ia.us/>

Iowa Prison Industries: <http://www.iaprisoinind.com/>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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