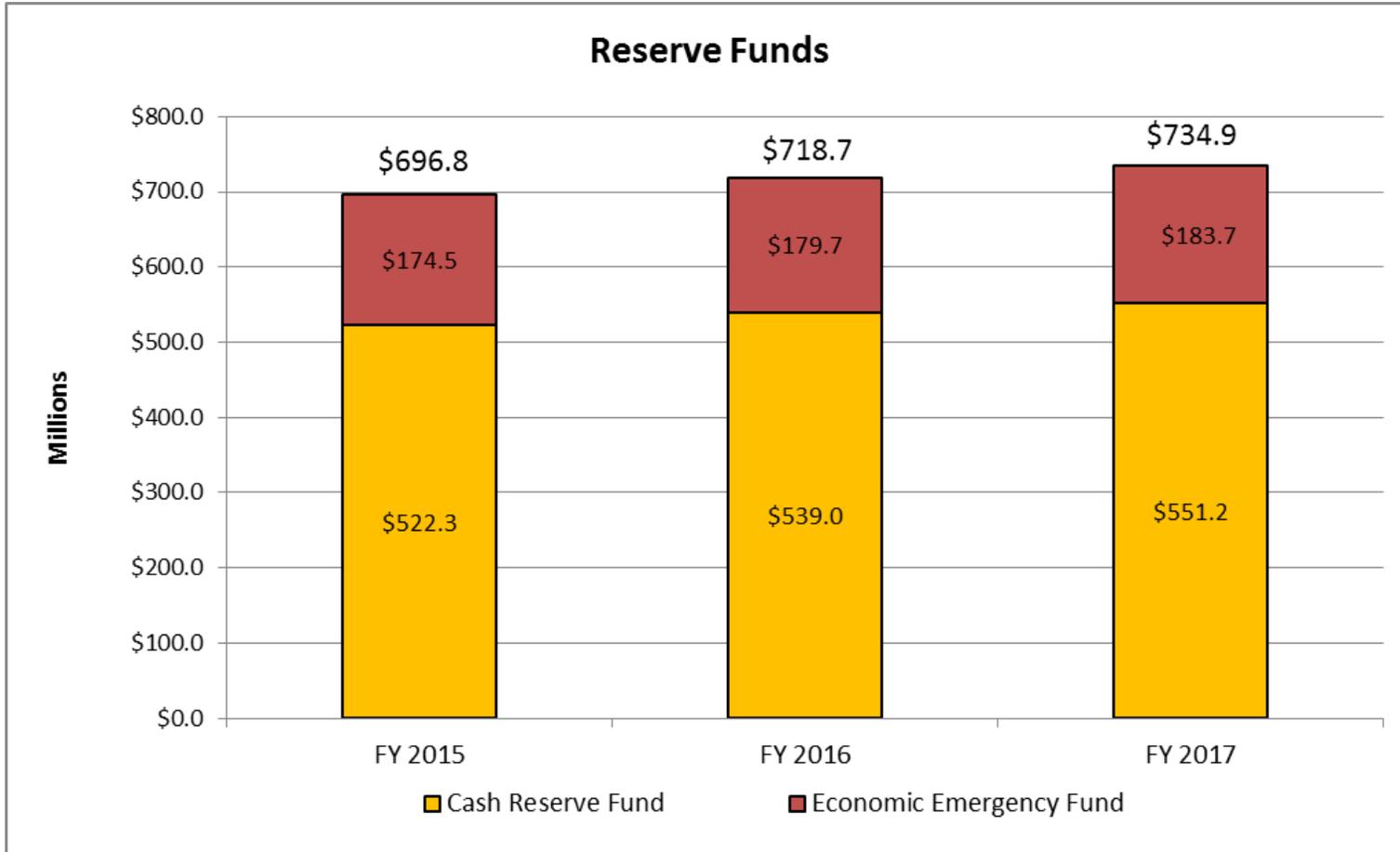
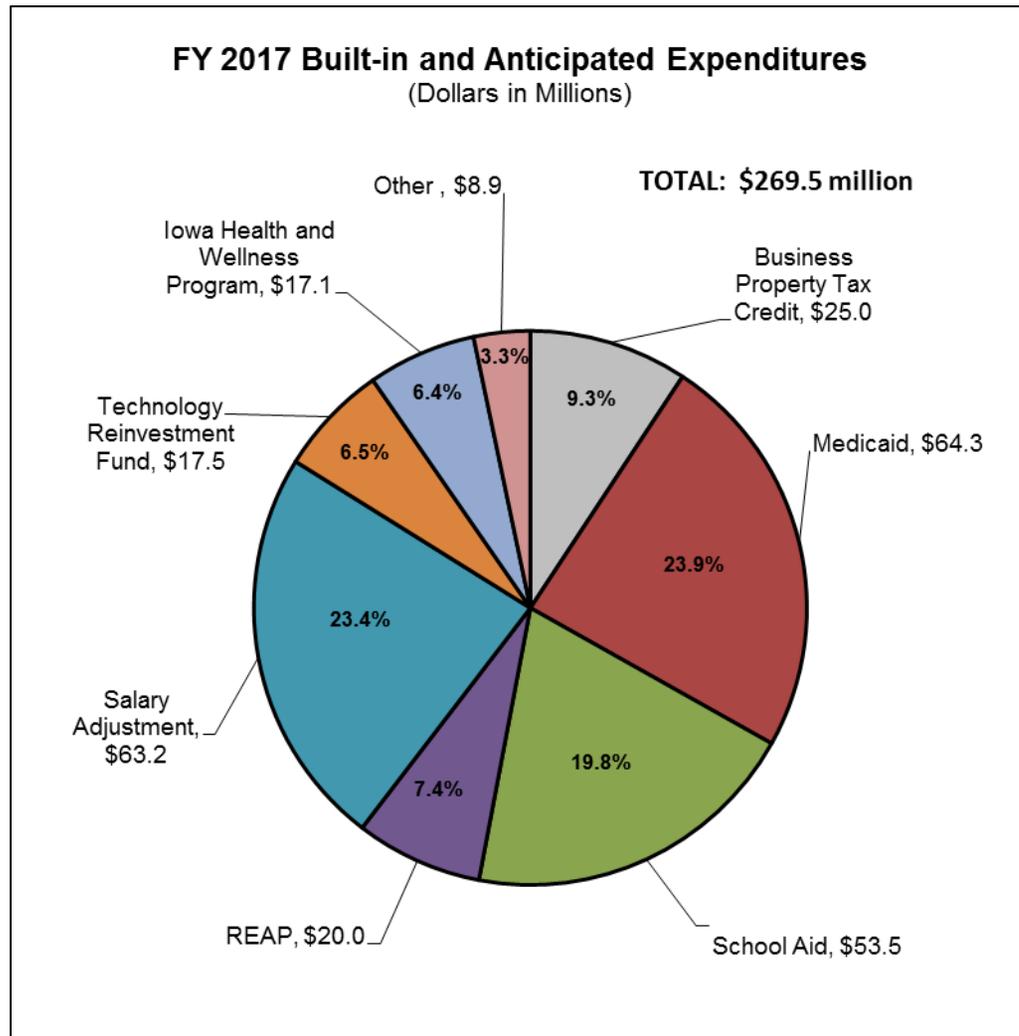


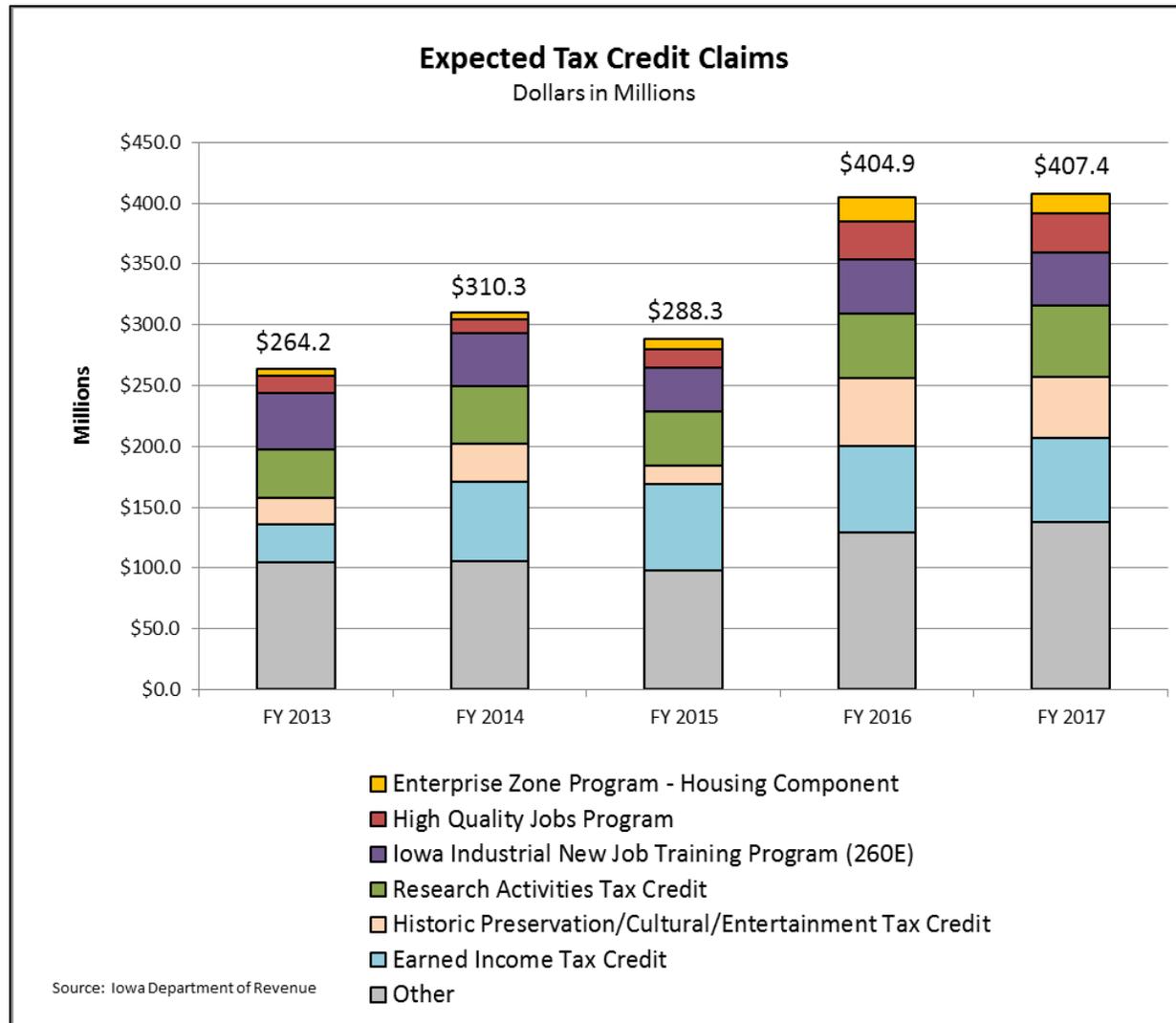
- Total General Fund resources (net receipts + surplus carryforward) are estimated to decrease by \$35.6 million (0.5%) in FY 2016 and then increase \$80.7 million (1.1%) in FY 2017.
- Net receipts are projected to increase \$234.8 million (3.4%) in FY 2016 and \$294.4 million (4.2%) in FY 2017.
- Appropriations are estimated to increase \$187.0 million (2.6%) in FY 2016 and \$193.5 million (2.7%) in FY 2017.
- The General Fund ending balance is projected to decrease from \$410.8 million in FY 2015 to \$187.7 million in FY 2016, and \$78.5 million in FY 2017.
- The projected FY 2017 appropriations of \$7,443.8 million are \$5.3 million more than the FY 2017 expenditure limitation of \$7,438.5 million.



- The Cash Reserve and Economic Emergency Funds are projected to remain at the statutory maximum limit.



- Medicaid, School Aid and Salary Adjustment make up 67.1% (\$181.0 million) of the total Built-in and Anticipated expenditure increases for FY 2017.
- The REAP standing appropriation of \$20.0 million has routinely been notwithstanding and funded from the Environment First Fund at a lower amount.
- Salary Adjustment for state employees has not been appropriated separately via a salary bill since FY 2009.



- The Department of Revenue projects tax credit claims to increase by \$116.6 million (40.4%) in FY 2016 compared to FY 2015 and then level off in FY 2017.
- The tax credit programs projected to increase the most in FY 2016 include:
  - Historic Preservation and Cultural and Entertainment District Tax Credit: \$40.9 million (35.1%)
  - High Quality Jobs Program: \$16.6 million (14.2%)
  - Enterprise Zone Program - Housing Component: \$11.0 million (9.4%)
  - Research Activities Tax Credit: \$9.1 million (7.8%)
  - Iowa Industrial New Job Training Program (260E): \$8.1 million (7.0%)

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

	<u>Actual</u> <u>FY 2015</u>	<u>Estimated</u> <u>FY 2016</u>	<u>Projection</u> <u>FY 2017</u>
<b>Funds Available:</b>			
Receipts	\$ 8,090.9	\$ 8,388.8	\$ 8,719.2
Refund (Accrual Basis)	- 967.9	- 991.0	- 1,021.0
School Infrastructure Refunds (Accrual)	- 450.5	- 457.4	- 475.1
Accruals (Net)	19.6	17.7	29.6
Transfers	127.6	96.4	96.2
Subtotal Net Receipts <sup>1</sup>	<u>6,819.7</u>	<u>7,054.5</u>	<u>7,348.9</u>
Surplus Carryforward (EEF Excess)	647.2	376.8	163.1
<b>Total Funds Available</b>	<u>\$ 7,466.9</u>	<u>\$ 7,431.3</u>	<u>\$ 7,512.0</u>
<b>Expenditure Limitation</b>			<b>\$ 7,438.5</b>
<b>Estimated Appropriations and Expenditures:</b>			
Enacted Appropriations/FY 2017 Baseline	\$ 7,050.4	\$ 7,171.7	\$ 7,174.3
Adjustment to Standings	13.0	2.6 <sup>2</sup>	
Supplemental (Medicaid)		76.0 <sup>3</sup>	
Built-in and Anticipated Increases			269.5
Total Before Balance Adjustment	<u>7,063.4</u>	<u>7,250.3</u>	<u>7,443.8</u>
Adjustment to Meet Expenditure Limitation			- 5.3
<b>Total Appropriations</b>	<u>\$ 7,063.4</u>	<u>\$ 7,250.3</u>	<u>\$ 7,438.5</u>
Reversions	- 7.2	- 6.7	- 5.0
<b>Net Appropriations</b>	<u>\$ 7,056.2</u>	<u>\$ 7,243.6</u>	<u>\$ 7,433.5</u>
<b>Ending Balance - Surplus</b>	<u>\$ 410.7</u>	<u>\$ 187.7</u>	<u>\$ 78.5</u>

<sup>1</sup> The FY 2016 and FY 2017 revenue estimates represent increases of 3.4% and 4.2%, respectively. The estimates were established by the Revenue Estimating Conference on October 13, 2015.

<sup>2</sup> The FY 2016 appropriation for State Aid to Schools was adjusted by \$2.6 million to reflect changes in various factors that comprise the school aid formula including: enrollment, property valuations, and special education.

<sup>3</sup> The Department of Human Services is estimating a \$76.0 million shortfall in the General Fund Medicaid appropriation for FY 2016.

**State of Iowa**  
**Changes in the FY 2015 and FY 2016 General Fund Budget**  
(Dollars in Millions)

	FY 2015			FY 2016		
	End of Session	Actual	Variance	End of Session	Revised	Variance
<b>Funds Available:</b>						
Receipts	\$8,003.8	\$ 8,090.9	\$ 87.1	\$8,482.0	\$ 8,388.8	\$ - 93.2
Refund (Accrual Basis)	- 937.0	- 967.9	- 30.9	- 953.0	- 991.0	- 38.0
School Infrastructure Refunds (Accrual)	- 450.7	- 450.5	0.2	- 473.7	- 457.4	16.3
Accruals (Net)	27.4	19.6	- 7.8	20.0	17.7	- 2.3
Transfers	123.9	127.6	3.7	100.2	96.4	- 3.8
Net Revenue Adjustments (2015 Session)			0.0	11.2		- 11.2
<b>Subtotal Net Receipts</b>	6,767.4	6,819.7	52.3	7,186.7	7,054.5	- 132.2
Surplus Carryforward (EEF Excess)	642.2	647.2	5.0	330.0	376.8	46.8
<b>Total Funds Available</b>	\$7,409.6	\$ 7,466.9	\$ 57.3	\$7,516.7	\$ 7,431.3	\$ - 85.4
<b>Appropriations and Expenditures:</b>						
Enacted Appropriations	\$7,050.3	\$ 7,050.4	\$ 0.1	\$7,171.7	\$ 7,171.7	\$ 0.0
Adjustments to Standing Appropriations		13.0	13.0		2.6	2.6
Supplemental (Medicaid)					76.0	76.0
<b>Total Appropriations</b>	\$7,050.3	\$ 7,063.4	\$ 13.1	\$7,171.7	\$ 7,250.3	\$ 78.6
Reversions	- 5.0	- 7.2	- 2.2	- 6.7	- 6.7	0.0
<b>Net Appropriations</b>	\$7,045.3	\$ 7,056.2	\$ 10.9	\$7,165.0	\$ 7,243.6	\$ 78.6
<b>Ending Balance - Surplus</b>	\$ 364.3	\$ 410.7	\$ 46.4	\$ 351.7	\$ 187.7	\$ - 164.0

## State of Iowa Reserve Funds

(Dollars in Millions)

<b>Cash Reserve Fund (CRF)</b>	<b>Actual</b>	<b>Estimated</b>	<b>Projection</b>
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Funds Available</b>			
Balance Brought Forward	\$ 489.3	\$ 522.3	\$ 539.0
Gen. Fund Transfer from Surplus	706.8	410.7	187.7
<b>Total Funds Available</b>	<u>\$ 1,196.1</u>	<u>\$ 933.0</u>	<u>\$ 726.7</u>
Excess Transferred to EEF	<u>-673.8</u>	<u>-394.0</u>	<u>-175.5</u>
<b>Balance</b>	<u>\$ 522.3</u>	<u>\$ 539.0</u>	<u>\$ 551.2</u>
<i>Maximum 7.5%</i>	\$ 522.3	\$ 539.0	\$ 551.2
 <b>Economic Emergency Fund (EEF)</b>			
	<b>Actual</b>	<b>Estimated</b>	<b>Projection</b>
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Funds Available</b>			
Balance Brought Forward	\$ 180.6	\$ 174.5	\$ 179.7
Excess from Cash Reserve	673.8	394.0	175.5
<b>Total Funds Available</b>	<u>\$ 854.4</u>	<u>\$ 568.5</u>	<u>\$ 355.2</u>
<b>Appropriations &amp; Transfers</b>			
Excess Transferred to General Fund	\$ - 647.2	\$ - 376.8	\$ - 163.1
Excess Transferred to Taxpayer Trust Fund	0.0	0.0	0.0
Executive Council - Performance of Duty	<u>-32.7</u>	<u>-12.0</u>	<u>-8.4</u>
<b>Balance</b>	<u>\$ 174.5</u>	<u>\$ 179.7</u>	<u>\$ 183.7</u>
<i>Maximum 2.5%</i>	\$ 174.1	\$ 179.7	\$ 183.7
 <b>Combined Reserve Fund Balances</b>			
	<b>Actual</b>	<b>Estimated</b>	<b>Projection</b>
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Cash Reserve Fund	\$ 522.3	\$ 539.0	\$ 551.2
Economic Emergency Fund	174.5	179.7	183.7
<b>Total CRF and EEF</b>	<u>\$ 696.8</u>	<u>\$ 718.7</u>	<u>\$ 734.9</u>

**STATE OF IOWA**  
**FY 2017 General Fund Built-in and Anticipated Expenditures**  
**Preliminary Estimates**  
**November 2015**  
(Dollars in Millions)

	<u>LSA</u> <u>Estimates</u>
<b><u>Built-in Changes</u></b>	
Human Services - Medical Assistance	\$ 64.3
Education - K-12 School Foundation Aid (0% Growth) <sup>1</sup>	53.5
Revenue - Business Property Tax Credit	25.0
Natural Resources - REAP	20.0
Management - Technology Reinvestment Fund	17.5
Human Services - Iowa Health and Wellness Program	17.1
Education - Education Reform High Need Schools	10.0
Management - State Appeal Board Claims	4.6
Revenue - Commercial/Industrial Property Tax	1.1
Economic Development Authority - STEM	0.5
Economic Development Authority - World Food Prize	0.3
Human Services - Adoption Subsidy	-0.1
Cultural Affairs - County Endowment Fund	-0.2
College Aid - Iowa Tuition Grant (non-profit) Standing	-2.9
Human Services - hawk-i	-10.0
<b>Total Built-in Changes</b>	<b>\$ 200.7</b>
<b><u>Anticipated Expenditure Changes</u></b>	
Management - Salary Adjustment	\$ 63.2
Corrections - Institutional Realignment	2.0
Corrections - Fund Hepatitis C Drug Costs at Oakdale	1.3
Corrections - County Billings	1.0
Public Safety - Peace Officer Retirement	0.9
Public Health - Healthy Children and Families	0.2
Human Services - Child Care Assistance	0.1
Corrections - Support Additional Prison Beds	0.1
Subtotal	<b>\$ 68.8</b>
<b>Total Expenditure Increases</b>	<b>\$ 269.5</b>

<sup>1</sup> The K-12 School Foundation Aid built-in estimate for FY 2017 is based on a 0% percent growth factor. The estimated increase for 2% growth is \$136.6 million and \$221.6 million for 4% growth.

## Taxpayers Trust Fund

(Dollars in Millions)

	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Estimated FY 2016</u>	<u>Projected FY 2017</u>
<b>Funds Available</b>				
Balance Brought Forward	\$ 60.1	\$ 35.7	\$ 8.1	\$ 8.1
Economic Emergency Transfer	60.0	0.0	0.0	0.0
Reversion from Taxpayer Trust Fund Tax Credit Fund	35.5	8.1	0.0	0.0
Interest	0.1	0.1	0.0	0.0
<b>Total Funds Available</b>	<u>\$ 155.7</u>	<u>\$ 43.9</u>	<u>\$ 8.1</u>	<u>\$ 8.1</u>
<b>Total Expenditures</b>	<u>\$ 120.0</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<b>Balance Carried Forward</b>	<u>\$ 35.7</u>	<u>\$ 8.1</u>	<u>\$ 8.1</u>	<u>\$ 8.1</u>

## Taxpayers Trust Fund Tax Credit Fund

(Dollars in Millions)

	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Estimated FY 2016</u>	<u>Projected FY 2017</u>
<b>Funds Available</b>				
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Transfer from Taxpayer Trust Fund	120.0	35.8	0.0	0.0
Interest	0.1	0.0	0.0	0.0
<b>Total Funds Available</b>	<u>\$ 120.1</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<b>Expenditures</b>				
Transfer to General Fund (Reimb. for payment of tax credits)	\$ 84.6	\$ 27.7	\$ 0.0	\$ 0.0
Reversion to the Taxpayer Trust Fund	35.5	8.1	0.0	0.0
<b>Total Expenditures</b>	<u>\$ 120.1</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<b>Balance Carried Forward</b>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

## State Tax Credit Expected Claims Projection

(Dollars in Millions)

Tax Credit Program	FY 2015	FY 2016	FY 2017
<b><u>Capped Programs</u></b>			
Accelerated Career Education Tax Credit	\$ -3.5	\$ -3.9	\$ -3.9
Agricultural Assets Transfer Tax Credit	-3.4	-4.9	-5.4
Custom Farming Contract Tax Credit	-0.0	-0.0	-0.1
Endow Iowa Tax Credit	-5.5	-5.0	-5.1
Enterprise Zone Program	-13.7	-7.7	-3.8
Enterprise Zone Program - Housing Component	-8.6	-19.6	-16.0
Film, Television, and Video Project Promotion Program - Awarded	-0.0	-0.0	-0.0
High Quality Job Program	-14.9	-31.5	-32.4
Historic Preservation and Cultural and Entertainment District Tax Credit	-14.9	-55.8	-50.3
Redevelopment Tax Credit	-2.5	-4.6	-7.2
Renewable Energy Tax Credit	-3.7	-7.5	-13.8
School Tuition Organization Tax Credit	-9.0	-12.3	-12.5
Solar Energy System Tax Credit	-2.2	-3.6	-4.1
Venture Capital Tax Credit - Innovation Fund	-1.0	-2.2	-3.9
Venture Capital Tax Credit - Iowa Fund of Funds	0.0	-1.4	-0.8
Venture Capital Tax Credit - Qualified Bus. or Comm.-Seed Capital Fund	-0.1	-2.0	-3.4
Venture Capital Tax Credit - Venture Capital Funds	-0.0	-0.1	-0.0
Wage-Benefits Tax Credit	-0.0	0.0	0.0
Wind Energy Production Tax Credit	-1.0	-1.9	-1.6
Workforce Housing Tax Incentive Program	0.0	-2.4	-8.0
<b>Total Capped Programs</b>	<b>\$ -84.3</b>	<b>\$ -166.4</b>	<b>\$ -172.1</b>
<b><u>Uncapped Programs</u></b>			
Adoption Tax Credit	\$ -0.3	\$ -0.8	\$ -0.8
Biodiesel Blended Fuel Tax Credit	-14.1	-18.3	-17.9
Charitable Conservation Contribution Tax Credit	-0.5	-0.7	-0.7
Child and Dependent Care Tax Credit	-4.1	-6.2	-5.8
E15 Gasoline Promotion Tax Credit	-0.1	-0.2	-0.3
E85 Gasoline Promotion Tax Credit	-1.8	-2.1	-2.5
Early Childhood Development Tax Credit	-1.0	-1.1	-1.2
Earned Income Tax Credit	-71.1	-70.6	-69.6
Ethanol Promotion Tax Credit	-1.8	-1.8	-1.6
Farm to Food Donation Tax Credit	-0.0	-0.0	-0.1
Geothermal Heat Pump Tax Credit	-2.2	-3.1	-3.5
Iowa Industrial New Job Training Program (260E)	-36.1	-44.2	-43.3
New Capital Investment Program	-0.3	-0.4	-0.2
New Jobs and Income Program	-0.1	-0.2	-0.1
Research Activities Tax Credit	-44.6	-53.7	-58.4
Supplemental Research Activities Tax Credit	-6.1	-13.1	-6.9
Targeted Jobs Tax Credit from Withholding	-3.3	-5.2	-5.8
Tuition and Textbook Tax Credit	-15.1	-15.2	-15.2
Volunteer Firefighter and EMS Tax Credit	-1.4	-1.4	-1.4
<b>Total Uncapped Programs</b>	<b>\$ -204.0</b>	<b>\$ -238.5</b>	<b>\$ -235.3</b>
<b>Tax Credit Program Total</b>	<b>\$ -288.3</b>	<b>\$ -404.9</b>	<b>\$ -407.4</b>

Notes:

These estimates are based on the Tax Credit Expected Claims Projection published by the Department of Revenue in October 2015. In previous reports, the LSA has included the Tax Credit Contingent Liabilities, which represent the total tax credits that could potentially be claimed against the State. 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 2016 and FY 2017 REC revenue estimates.

The numbers may not equal totals due to rounding.