

State of Iowa
Legislative Services Agency Analysis
Projected Condition of the General Fund Budget
(Dollars in Millions)

	Actual FY 2015	Estimated FY 2016	LSA Projection FY 2017
Funds Available:			
Receipts	\$ 8,090.9	\$ 8,393.7	\$ 8,682.8
Refund (Accrual Basis)	- 967.9	- 1,002.0	- 1,011.0
School Infrastructure Refunds (Accrual)	- 450.5	- 460.2	- 470.2
Accruals (Net)	19.6	17.7	29.6
Transfers	127.6	96.4	96.2
Subtotal Net Receipts (REC) ¹	<u>6,819.7</u>	<u>7,045.6</u>	<u>7,327.4</u>
Revenue Adjustments		1.9	76.4
Total Net Receipts and Revenue Adjustments	<u>\$ 6,819.7</u>	<u>\$ 7,047.5</u>	<u>\$ 7,403.8</u>
Surplus Carryforward (EEF Excess)	<u>647.2</u>	<u>367.3</u>	<u>126.6</u>
Total Funds Available	<u>\$ 7,466.9</u>	<u>\$ 7,414.8</u>	<u>\$ 7,530.4</u>
Expenditure Limitation			\$ 7,456.3
Estimated Appropriations and Expenditures:			
Enacted Appropriations/FY 2017 Baseline	\$ 6,979.4	\$ 7,174.3	\$ 7,174.3
Adjustment to Standings	27.9		
Supplemental (Medicaid)	56.0	88.5 ²	
Built-in and Anticipated Increases			282.0
Total Before Balance Adjustment	<u>7,063.4</u>	<u>7,262.8</u>	<u>7,456.3</u>
Adjustment to Meet Expenditure Limitation			0.0
Total Appropriations	<u>\$ 7,063.4</u>	<u>\$ 7,262.8</u>	<u>\$ 7,456.3</u>
Reversions	- 7.2	- 6.7	- 5.0
Net Appropriations	<u>\$ 7,056.2</u>	<u>\$ 7,256.1</u>	<u>\$ 7,451.3</u>
Ending Balance - Surplus	<u>\$ 410.7</u>	<u>\$ 158.7</u>	<u>\$ 79.1</u>

The numbers may not equal totals due to rounding.

¹ The FY 2016 and FY 2017 revenue estimates represent increases of 3.3% and 4.0%, respectively. The estimates were established by the Revenue Estimating Conference on December 10, 2015.

² The Medicaid Forecasting Group met on December 22, 2015, and is estimating an \$88.5 million shortfall in the General Fund Medicaid appropriation for FY 2016.

State of Iowa Reserve Funds

(Dollars in Millions)

Cash Reserve Fund (CRF)	Actual	Estimated	Projection
	FY 2015	FY 2016	FY 2017
Funds Available			
Balance Brought Forward	\$ 489.3	\$ 523.3	\$ 539.0
Gen. Fund Transfer from Surplus	706.8	410.7	158.7
Intrastate Receipts	1.0	0.0	0.0
Total Funds Available	\$ 1,197.1	\$ 934.0	\$ 697.7
Excess Transferred to EEF	-673.8	-395.0	-142.4
Balance	\$ 523.3	\$ 539.0	\$ 555.3
<i>Maximum 7.5%</i>	<i>\$ 522.3</i>	<i>\$ 539.0</i>	<i>\$ 555.3</i>
Economic Emergency Fund (EEF)	Actual	Estimated	Projection
	FY 2015	FY 2016	FY 2017
Funds Available			
Balance Brought Forward	\$ 180.6	\$ 174.5	\$ 179.7
Excess from Cash Reserve	673.8	395.0	142.4
Total Funds Available	\$ 854.4	\$ 569.5	\$ 322.1
Appropriations & Transfers			
Excess Transferred to General Fund	\$ - 647.2	\$ - 367.3	\$ - 126.6
Excess Transferred to Taxpayer Trust Fund	0.0	0.0	0.0
Executive Council - Performance of Duty	-32.7	-22.5	-10.4
Balance	\$ 174.5	\$ 179.7	\$ 185.1
<i>Maximum 2.5%</i>	<i>\$ 174.1</i>	<i>\$ 179.7</i>	<i>\$ 185.1</i>
Combined Reserve Fund Balances	Actual	Estimated	Projection
	FY 2015	FY 2016	FY 2017
Cash Reserve Fund	\$ 523.3	\$ 539.0	\$ 555.3
Economic Emergency Fund	174.5	179.7	185.1
Total CRF and EEF	\$ 697.8	\$ 718.7	\$ 740.4

STATE OF IOWA
FY 2017 General Fund Built-in and Anticipated Expenditures
Preliminary Estimates
January 2016
(Dollars in Millions)

	<u>LSA</u> <u>Estimates</u>
<u>Built-in Changes</u>	
Human Services - Medical Assistance	\$ 88.5
Education - K-12 School Foundation Aid (0% Growth) ¹	60.3
Revenue - Business Property Tax Credit	25.0
Natural Resources - REAP	20.0
Management - Technology Reinvestment Fund	17.5
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	-11.2
Total Built-in Changes	\$ 213.4
<u>Anticipated Expenditure Changes</u>	
Management - Salary Adjustment	\$ 63.2
Corrections - Institutional Realignment	2.0
Corrections - Fund Hepatitis C Drug Costs at Oakdale	1.3
Corrections - County Billings	0.8
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	\$ 68.6
Total Expenditure Increases	\$ 282.0

¹ 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 \$143.1 million and \$227.9 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>
Funds Available				
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
Total Funds Available	<u>\$ 155.7</u>	<u>\$ 43.9</u>	<u>\$ 8.1</u>	<u>\$ 8.1</u>
Total Expenditures	<u>\$ 120.0</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
Balance Carried Forward	<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>
Funds Available				
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
Total Funds Available	<u>\$ 120.1</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
Expenditures				
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
Total Expenditures	<u>\$ 120.1</u>	<u>\$ 35.8</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
Balance Carried Forward	<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
<u>Capped Programs</u>			
Accelerated Career Education Tax Credit	\$ -3.9	\$ -3.9	\$ -3.9
Agricultural Assets Transfer Tax Credit	-3.6	-5.0	-5.5
Custom Farming Contract Tax Credit	-0.0	-0.0	-0.1
Endow Iowa Tax Credit	-5.6	-5.0	-5.1
Enterprise Zone Program	-13.8	-7.4	-3.7
Enterprise Zone Program - Housing Component	-9.1	-19.8	-16.3
Film, Television, and Video Project Promotion Program - Awarded	-0.0	-0.0	-0.0
High Quality Job Program	-14.7	-26.7	-28.5
Historic Preservation and Cultural and Entertainment District Tax Credit	-15.1	-56.2	-49.0
Redevelopment Tax Credit	-2.5	-4.6	-7.1
Renewable Energy Tax Credit	-3.9	-6.1	-11.6
School Tuition Organization Tax Credit	-9.9	-12.2	-12.4
Solar Energy System Tax Credit	-2.2	-3.5	-3.8
Venture Capital Tax Credit - Innovation Fund	-1.0	-2.8	-5.5
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	-0.4	-2.2
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
Total Capped Programs	\$ -86.6	\$ -159.4	\$ -165.0
<u>Uncapped Programs</u>			
Adoption Tax Credit	\$ -0.4	\$ -0.8	\$ -0.8
Biodiesel Blended Fuel Tax Credit	-15.7	-17.7	-17.9
Charitable Conservation Contribution Tax Credit	-0.5	-0.8	-0.8
Child and Dependent Care Tax Credit	-4.1	-6.7	-6.8
E15 Gasoline Promotion Tax Credit	-0.2	-0.2	-0.3
E85 Gasoline Promotion Tax Credit	-1.7	-2.1	-2.5
Early Childhood Development Tax Credit	-0.7	-0.7	-0.7
Earned Income Tax Credit	-70.9	-71.4	-72.2
Ethanol Promotion Tax Credit	-2.1	-1.8	-1.5
Farm to Food Donation Tax Credit	-0.0	-0.0	-0.1
Geothermal Heat Pump Tax Credit	-2.1	-2.3	-2.5
Iowa Industrial New Job Training Program (260E)	-40.5	-44.5	-43.6
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	-38.4	-53.8	-58.5
Supplemental Research Activities Tax Credit	-6.1	-10.5	-6.6
Targeted Jobs Tax Credit from Withholding	-3.9	-4.7	-5.9
Tuition and Textbook Tax Credit	-15.3	-15.3	-15.3
Volunteer Firefighter and EMS Tax Credit	-1.4	-1.3	-1.3
Total Uncapped Programs	\$ -204.2	\$ -235.5	\$ -237.5
Tax Credit Program Total	\$ -290.8	\$ -394.9	\$ -402.5

Notes:

These estimates are based on the Tax Credit Expected Claims Projection published by the Department of Revenue in December 2015. 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.

State of Iowa
Adjusted Revenue Estimate
and Reserve Fund Goal Calculations

(Dollars in Millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
REC Estimates	\$ 6,983.2	\$ 7,175.5	\$ 7,327.4
Revenue Adjustments	- 19.6	11.2	76.4
Adjusted Revenue Estimate	<u>\$ 6,963.6</u>	<u>\$ 7,186.7</u>	<u>\$ 7,403.8</u>
 <u>Reserve Fund Goals</u>			
Cash Reserve Fund	\$ 522.3	\$ 539.0	\$ 555.3
<i>Statutory Percentage</i>	7.5%	7.5%	7.5%
Economic Emergency Fund	174.1	179.7	185.1
<i>Statutory Percentage</i>	2.5%	2.5%	2.5%
Total	<u>\$ 696.4</u>	<u>\$ 718.7</u>	<u>\$ 740.4</u>