

  
**State of Iowa**  
**Executive Department**

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF IOWA

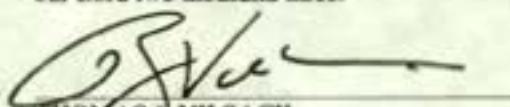
**EXECUTIVE ORDER NUMBER THIRTY-ONE**

- WHEREAS,** the national economic situation has presented serious challenges to the people of Iowa and their government resulting in lower employment levels and a continued decline in state revenues; and
- WHEREAS,** many states across the country have experienced significant reductions in revenue as a result of this economic downturn; and
- WHEREAS,** on October 10<sup>th</sup>, the state's Revenue Estimating Conference (REC) reduced its projection of state revenue for fiscal year 2004 by \$142.2 million—far exceeding the ending balance for the fiscal year of approximately \$81.7 million; and
- WHEREAS,** the underlying reasons for reduced revenues include continued drops in corporate income tax receipts, significant increases in tax refunds, and the State Auditor's determination that accelerated insurance premium tax collections cannot be counted as receipts in the current fiscal year; and
- WHEREAS,** Iowa Code § 8.31 states that "If the governor determines that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full, the reductions shall be uniform and prorated between all departments, agencies and establishments upon the basis of their respective appropriations"; and
- WHEREAS,** prudent fiscal management necessitates the creation of an economic buffer in budget allotments in the event that REC projections are higher than the actual revenue collected by the state at the end of the fiscal year; and
- WHEREAS,** on October 10<sup>th</sup>, I publicly ordered an across the board reduction pursuant to Iowa Code § 8.31; and
- WHEREAS,** a 2.5 percent reduction in appropriations would reduce state expenditures by approximately \$82.5 million and help the state avoid an overdraft or deficit; and
- WHEREAS,** I am confident that Iowans are up to this challenge, and I am confident in Iowa's comprehensive plan for economic growth despite these difficulties:

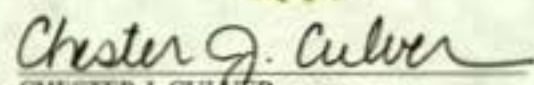
**NOW, THEREFORE, I,** Thomas J. Vilsack, Governor of the State of Iowa, by the power vested in me by the Constitution and laws of the State of Iowa, do hereby order and direct a uniform modification of allotment requests, pursuant to Iowa Code § 8.31, to achieve an annual 2.5 percent budget reduction for fiscal year 2004. The Department of Management shall take all necessary steps under Iowa law to effectuate the annual 2.5 percent budget reduction for fiscal year 2004, directed to all state departments and establishments with the exception of departments designated as charter agencies, which are exempted from across the board cuts because they are already taking action to achieve savings or increase revenue to the general fund, pursuant to Iowa Code § 71.2(d). Actions taken by the Department of Management and all state departments and establishments described above, to implement this order, shall commence on October 10, 2003.



**IN TESTIMONY WHEREOF,** I have hereunto subscribed my name and caused the Great Seal of Iowa to be affixed. Done at Des Moines this 14<sup>th</sup> day of October, in the year of our Lord two thousand three.

  
THOMAS J. VILSACK  
GOVERNOR

ATTEST:

  
CHESTER J. CULVER  
SECRETARY OF STATE  
by J. Klaassen, Deputy