



## Iowa Code Section 8.39 Appropriation Transfer Process

[Iowa Code section 8.39](#) requires appropriations to be used only for the purposes enacted. However, statute permits the Executive Branch limited exceptions under certain conditions. The law authorizes a State agency, with the approval of the Governor and the director of the Department of Management (DOM), to transfer a portion of unexpended appropriated funds to another appropriation. The primary purpose of the transfer authority is to assist Executive Branch agencies in meeting financial obligations when unforeseen circumstances, not known at the time the budget was enacted, could disrupt day-to-day operations. These unforeseen circumstances can include an increase in fuel prices, caseload increases, federal law changes, etc.

### Types of Appropriation Transfers

Iowa Code section 8.39 identifies two types of appropriation transfers: intradepartmental – transfers between appropriations within the same State agency; and interdepartmental – transfers between appropriations of different State agencies. The conditions that must be met before the transfers can be implemented vary slightly, but are similar. The following outlines the requirements for appropriation transfers.

- All transfers must receive approval from the Governor and the director of the DOM.
- All transfers must be made from and to the same funding source and within the same fiscal year. For example, funds from an FY 2013 General Fund appropriation can only be transferred to another FY 2013 General Fund appropriation.
- The amount of a single intradepartmental or interdepartmental transfer is limited to 0.1% of all appropriations made from the same funding source for the fiscal year. The table on page 2 shows the individual transfer limits for FY 2012 and FY 2013.
- The aggregate amount of all transfers (intradepartmental and interdepartmental) within a fiscal year from a single appropriation is limited to 50.0% of the appropriation from which the transfer is being made.
- The aggregate amount of all transfers (intradepartmental and interdepartmental) is limited to five tenths of 1.0% (0.5%) of the total amount of appropriations made from the General Fund. The table on page 2 shows the aggregate transfer limits for FY 2012 and FY 2013.
- Prior to any transfer, the director of DOM is required to notify the chairpersons of the Senate and House Appropriations Standing Committees and the chairpersons of the appropriate subcommittees concerning the details of the proposed transfer. The chairpersons are given two weeks to comment on the proposed transfer prior to its implementation. While the chairpersons are given the opportunity to comment on a transfer, they do not have the authority to stop the transfer from being made.
- Transfers are also to be reported to the Legislative Fiscal Committee of the Legislative Council by the tenth day of the month following the month of the transfer. The DOM is also required to file an annual report to the Legislative Fiscal Committee of all transfers made during the previous fiscal year.
- Intradepartmental transfers may be made any time during the fiscal year for purposes within the scope of the department. Interdepartmental transfers are prohibited while the General Assembly is in regular legislative session, unless the transfer is made to an entitlement appropriation. For purposes of this requirement, an entitlement appropriation is defined as a "line item appropriation to the State Public Defender for Indigent Defense or to the Department of Human Services for Foster Care, State Supplementary Assistance, or Medical Assistance, or for the Family Investment Program."
- Interdepartmental transfers may only be made to an appropriation if the original amount appropriated is insufficient to meet the legitimate expenses of the department. The appropriation from which the funds are transferred must have an excess of funds compared to the expenditure need.

### More Information

Iowa Department of Management: <http://www.dom.state.ia.us/>

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

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### Determination of Appropriation Levels

To determine the transfer limits set forth in Iowa Code section 8.39, the total of all appropriations must first be determined. It should also be understood that the limits on transfers will change throughout the fiscal year as the appropriations change. The changes can occur for several reasons:

- 1) The General Assembly may enact supplemental appropriations or deappropriations for the fiscal year in progress.
- 2) There may be increases and decreases to standing unlimited appropriations throughout the fiscal year to reflect changes in the activity of certain programs. For example, State Appeal Board claims are relatively unpredictable, and the settlement of a lawsuit can cause an unexpected increase in the estimated appropriation for claims.
- 3) The appropriated funds that are carried forward from the previous fiscal year are included in the current year's appropriation total for purposes of calculating the transfer limits. The carry forward funds are considered appropriated dollars that provide additional spending authority in the fiscal year that the funds will be expended.

The following table shows the FY 2012 and FY 2013 General Fund appropriations and the individual and aggregate transfer limits for each fiscal year. For FY 2012, the original appropriations totaled \$5,999.7 million. During the 2012 Legislative Session, the General Assembly enacted supplemental appropriations totaling \$2.6 million and the standing appropriations were increased by \$7.8 million. In addition, \$81.7 million in appropriated funds were carried forward from FY 2011 to FY 2012 bringing the total appropriated funds available for FY 2012 to \$6,091.9 million. Therefore, the limit on individual transfers was \$6.1 million and \$30.5 million on the total aggregate transfers.

For FY 2013, the current limit for an individual General Fund appropriation transfer is \$6.2 million. The aggregate of all transfers, regardless of fund source, is limited to \$31.1 million. These limits for FY 2013 are the current estimates and will change as the appropriations for FY 2013 change throughout the fiscal year.

<b>General Fund Appropriation Transfer Limits</b>		
<b>Appropriations</b>	<b>FY 2012</b>	<b>FY 2013</b>
Enacted	\$ 5,999,668,307	\$ 6,222,607,213
Net Supplemental Appropriations	2,618,643	-
Adjustment to Standings	7,837,262	-
Appropriations Carried Forward from Previous Year	81,732,823	NA
<b>Total Available Appropriated Funds</b>	<b>\$ 6,091,857,035</b>	<b>\$ 6,222,607,213</b>
0.1% Limit on Individual Transfers	\$ 6,091,857	\$ 6,222,607
0.5% Limit on Aggregate Transfers	\$ 30,459,285	\$ 31,113,036

NA = Not yet Available