

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

	Actual FY 2014	Revised FY 2015	Projection FY 2016
Funds Available:			
Receipts	\$ 7,712.0	\$ 8,054.3	\$ 8,453.2
Refund (Accrual Basis)	- 955.3	- 926.0	- 936.0
School Infras. Refunds (Accrual)	- 440.4	- 451.9	- 470.9
Accruals (Net)	- 16.2	44.7	27.0
Transfers	188.9	129.2	105.6
Subtotal Receipts	6,489.0	6,850.3	7,178.9
Surplus Carryforward (EEF Excess)	679.3	651.6	470.3
Total Funds Available	\$ 7,168.3	\$ 7,501.9	\$ 7,649.2
Expenditure Limitation			\$ 7,577.4
Estimated Appropriations and Expenditures:			
Enacted Appropriations/FY 16 Baseline	\$ 6,492.2	\$ 6,979.4	\$ 6,979.4
Adjustments to Standing Appropriations	- 9.6	7.1 ^{2/}	
Built-in and Anticipated Increases (Page 4)			498.5
Total Appropriations	\$ 6,482.6	\$ 6,986.5	\$ 7,477.9
Reversions	- 21.1	- 5.0	- 5.0
Net Appropriations	\$ 6,461.5	\$ 6,981.5	\$ 7,472.9
Ending Balance - Surplus	\$ 706.8	\$ 520.4	\$ 176.3
<i>Under (Over) Expenditure Limitation</i>			\$ 99.5

^{1/} The FY 2015 and FY 2016 revenues are based the Revenue Estimating Conference's October 9 estimate and assumes increases of 5.6% and 4.8%, respectively in net receipts after transfers.

^{2/} The appropriation for State Aid to Schools was increased by \$7.1 million to reflect a changes in various factors that comprise the school aid formula including: enrollment, property valuations, and special education.

State of Iowa
Changes in the FY 2014 and FY 2015 General Fund Budget
(Dollars in Millions)

	FY 2014			FY 2015		
	End of Session	Actual	Variance	End of Session	Revised ^{1/}	Variance
Funds Available:						
Receipts	\$7,759.4	\$ 7,712.0	\$ - 47.4	\$8,194.2	\$ 8,054.3	\$ - 139.9
Refund (Accrual Basis)	- 900.0	- 955.3	- 55.3	- 974.3	- 926.0	48.3
School Infras. Refunds (Accrual)	- 425.5	- 440.4	- 14.9	- 440.5	- 451.9	- 11.4
Accruals (Net)	37.9	- 16.2	- 54.1	23.1	44.7	21.6
Transfers	210.4	188.9	- 21.5	180.7	129.2	- 51.5
Revenue Adjustments (2014 Session)	- 2.4		2.4	- 19.6		19.6
Subtotal Receipts	6,679.8	6,489.0	- 190.8	6,963.6	6,850.3	- 113.3
Surplus Carryforward (EEF Excess)	679.1	679.3	0.2	745.7	651.6	- 94.1
Total Funds Available	\$7,358.9	\$ 7,168.3	\$ - 190.6	\$7,709.3	\$ 7,501.9	\$ - 207.4
Appropriations and Expenditures:						
Enacted Appropriations	\$6,492.2	\$ 6,492.2	\$ 0.0	\$6,979.4	\$ 6,979.4	\$ 0.0
Adjustments to Standing Appropriations	0.0	- 9.6	- 9.6	0.0	7.1 ^{2/}	7.1
Total Appropriations	\$6,492.2	\$ 6,482.6	\$ - 9.6	\$6,979.4	\$ 6,986.5	\$ 7.1
Reversions	- 14.4	- 21.1	- 6.7	- 5.0	- 5.0	0.0
Net Appropriations	\$6,477.8	\$ 6,461.5	\$ - 16.3	\$6,974.4	\$ 6,981.5	\$ 7.1
Ending Balance - Surplus	\$ 881.1	\$ 706.8	\$ - 174.3	\$ 734.9	\$ 520.4	\$ - 214.5

^{1/} The revised FY 2015 revenues are based the Revenue Estimating Conference's October 9 estimate and assumes a 5.6% increase compared to the actual FY 2014 net General Fund receipts.

^{2/} The appropriation for State Aid to Schools was increased by \$7.1 million to reflect a changes in various factors that comprise the school aid formula including: enrollment, property valuations, and special education.

State of Iowa Reserve Funds

(Dollars in Millions)

Cash Reserve Fund (CRF)	Actual	Estimated	Projection
	FY 2014	FY 2015	FY 2016
Funds Available			
Balance Brought Forward	\$ 466.9	\$ 489.3	\$ 522.3
Gen. Fund Transfer from Surplus	927.7	706.8	520.4
Intrastate Receipts (credited after close of FY)	2.1		
Total Funds Available	\$ 1,396.7	\$ 1,196.1	\$ 1,042.7
Appropriations & Transfers			
Appropriations	\$ 0.0	\$ 0.0	\$ 0.0
Total Appropriations & Transfers	\$ 0.0	\$ 0.0	\$ 0.0
Excess Transferred to EEF	-907.4	-673.8	-504.3
Balance Carried Forward	\$ 489.3	\$ 522.3	\$ 538.4
<i>Maximum 7.5%</i>	\$ 487.2	\$ 522.3	\$ 538.4
Economic Emergency Fund (EEF)			
	Actual	Estimated	Projection
	FY 2014	FY 2015	FY 2016
Funds Available			
Balance Brought Forward	\$ 144.3	\$ 180.5	\$ 174.1
Excess from Cash Reserve	907.4	673.8	504.3
Total Funds Available	\$ 1,051.7	\$ 854.3	\$ 678.4
Appropriations & Transfers			
Excess Transferred to General Fund	\$ - 679.3	\$ - 651.6	\$ - 470.3
Excess Transferred to Taxpayer Trust Fund	-60.0	0.0	0.0
Transfer to RIIF	-116.1	0.0	0.0
Executive Council - Performance of Duty	-15.8	-28.6	-28.6 ¹
Balance Carried Forward	\$ 180.5	\$ 174.1	\$ 179.5
<i>Maximum 2.5%</i>	\$ 162.4	\$ 174.1	\$ 179.5
Combined Reserve Fund Balances			
	Actual	Estimated	Projection
	FY 2014	FY 2015	FY 2016
Cash Reserve Fund	\$ 489.3	\$ 522.3	\$ 538.4
Economic Emergency Fund	180.5	174.1	179.5
Total CRF and EEF	\$ 669.8	\$ 696.4	\$ 717.9

¹ The FY 2016 Performance of Duty estimate is preliminary. The estimate will be updated when Department of Homeland Security and Emergency Management finalizes projections on disaster mitigation costs.

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

	<u>LSA</u> <u>Estimates</u>	<u>Percent</u> <u>of Total</u>
<u>Built-in Changes</u>		
Human Services - Medical Assistance	\$ 202.0	40.5%
Revenue - Commercial/Industrial Property Tax	142.0	28.5%
Education - K-12 School Foundation Aid (0% Growth)	64.7	13.0%
Education - Education Reform (non-School Aid)	60.0	12.0%
Natural Resources - Resource Enhancement and Protection Program	20.0	4.0%
Education - Instructional Support Program	14.8	3.0%
Management - State Appeal Board Claims	4.6	0.9%
College Aid - College Work Study Standing	2.8	0.6%
Education - College Work Study Standing	2.8	0.6%
Education - Nonpublic School Transportation	1.4	0.3%
Human Services - Iowa Health and Wellness Program	0.9	0.2%
Cultural Affairs - World Food Prize	0.2	0.0%
Cultural Affairs - County Endowment Fund	0.1	0.0%
College Aid - Iowa Tuition Grant (non-profit) Standing	-2.9	-0.6%
Human Services - hawk-i	-22.7	-4.6%
Total Built-in Changes	\$ 490.7	98.4%
<u>Anticipated Expenditure Changes</u>		
Corrections - Forensic Psychiatric Hospital at Oakdale	\$ 2.1	0.4%
Corrections - Fund Hepatitis C drug costs at Oakdale	1.3	0.3%
Human Services - Glenwood Resource Center	1.0	0.2%
Public Safety - Peace Officer Retirement	0.9	0.2%
Human Services - Mental Health Redesign Equalization	0.8	0.2%
Human Services - Woodward Resource Center	0.7	0.1%
Corrections - Staff Additional Prison Beds	0.5	0.1%
Corrections - County Billings	0.3	0.1%
Corrections - Expired Federal Funds	0.2	0.0%
Subtotal	\$ 7.8	1.6%
Total Expenditure Increases	\$ 498.5	100.0%

¹ The Executive Branch will enter into negotiations with the state employee unions in 2015 to negotiate a new two-year collective bargaining agreement for FY 2016 and FY 2017. Due to the uncertainty in the terms of an agreement, an estimated cost for salary adjustment has not been included with the FY 2016 anticipated expenditure changes.

² In addition to the above expenditure changes, the FY 2016 budget will also be impacted by the following factors:

- The amount required to maximize the balances in the Cash Reserve Fund and Economic Emergency Fund from the FY 2015 General Fund surplus is estimated at \$21.5 million. This reduces the funds available for appropriation from the General Fund.
- The cost for FY 2016 Performance of Duty expenditures from the Economic Emergency Fund are currently estimated at \$28.6 million. This also reduces the funds available for appropriation from the General Fund.

Taxpayers Trust Fund

(Dollars in Millions)

	<u>Actual FY 2013</u>	<u>Actual FY 2014</u>	<u>Estimated FY 2015</u>	<u>Projection FY 2016</u>
Funds Available				
Balance Brought Forward	\$ 0.0	\$ 60.0	\$ 35.5	\$ 8.1
Economic Emergency Transfer	60.0	60.0	0.0	0.0
Reversion from Taxpayer Trust Fund Tax Credit Fund	0.0	35.5	8.1	0.0
Total Funds Available	<u>\$ 60.0</u>	<u>\$ 155.5</u>	<u>\$ 43.6</u>	<u>\$ 8.1</u>
Total Expenditures	<u>\$ 0.0</u>	<u>\$ 120.0</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
Balance Carried Forward	<u><u>\$ 60.0</u></u>	<u><u>\$ 35.5</u></u>	<u><u>\$ 8.1</u></u>	<u><u>\$ 8.1</u></u>

Taxpayers Trust Fund Tax Credit Fund

(Dollars in Millions)

	<u>Actual FY 2013</u>	<u>Actual FY 2014</u>	<u>Estimated FY 2015</u>	<u>Projection FY 2016</u>
Funds Available				
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Transfer from Taxpayer Trust Fund	0.0	120.0	35.5	0.0
Interest	0.0	0.1	0.0	0.0
Total Funds Available	<u>\$ 0.0</u>	<u>\$ 120.1</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
Expenditures				
Transfer to General Fund (Reimb. for payment of tax credits)	\$ 0.0	\$ 84.6	\$ 27.4	\$ 0.0
Reversion to the Taxpayer Trust Fund	0.0	35.5	8.1	0.0
Total Expenditures	<u>\$ 0.0</u>	<u>\$ 120.1</u>	<u>\$ 35.5</u>	<u>\$ 0.0</u>
Balance Carried Forward	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>

State of Iowa
Adjusted Revenue Estimate
and Reserve Fund Goal Calculations

(Dollars in Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
REC Estimates	\$ 6,739.8	\$ 6,983.2	\$ 7,178.9
Revenue Adjustments	- 243.2	- 19.6	0.0
Adjusted Revenue Estimate	<u>\$ 6,496.6</u>	<u>\$ 6,963.6</u>	<u>\$ 7,178.9</u>
<u>Reserve Fund Goals</u>			
Cash Reserve Fund	\$ 487.2	\$ 522.3	\$ 538.4
<i>Statutory Percentage</i>	7.5%	7.5%	7.5%
Economic Emergency Fund	162.4	174.1	179.5
<i>Statutory Percentage</i>	2.5%	2.5%	2.5%
Total	<u>\$ 649.6</u>	<u>\$ 696.4</u>	<u>\$ 717.9</u>

Estimated Contingent Liabilities for State Tax Credits

(Dollars in Millions)

Tax Credit Program	FY 2014	FY 2015	FY 2016
<u>Capped Programs</u>			
Accelerated Career Education Tax Credit	\$ -3.6	\$ -5.4	\$ -5.4
Agricultural Assets Transfer Tax Credit	-2.4	-5.0	-5.6
Custom Farming Contract Tax Credit	-0.0	-1.9	-2.6
Endow Iowa Tax Credit	-5.0	-6.2	-6.6
Enterprise Zone Program	-5.9	-34.9	-44.3
Enterprise Zone Program - Housing Component	-4.2	-23.8	-37.3
Film, Television, and Video Project Promotion Program - Awarded	-1.7	-0.2	-0.0
High Quality Job Program	-11.1	-75.4	-87.8
Historic Preservation and Cultural and Entertainment District Tax Credit	-30.2	-49.7	-55.3
Redevelopment Tax Credit	-0.9	-3.4	-5.3
Renewable Energy Tax Credit	-5.2	-5.3	-8.9
School Tuition Organization Tax Credit	-7.3	-11.6	-12.2
Solar Energy System Tax Credit	-0.7	-2.4	-3.0
Venture Capital Tax Credit - Innovation Fund	0.0	-0.7	-3.7
Venture Capital Tax Credit - Iowa Fund of Funds	-12.8	-0.5	-0.5
Venture Capital Tax Credit - Qualified Bus. or Comm.-Seed Capital Fund	-0.1	-2.4	-2.3
Venture Capital Tax Credit - Venture Capital Funds	-0.0	-0.2	-0.1
Wage-Benefits Tax Credit	0.0	0.0	0.0
Wind Energy Production Tax Credit	-1.0	-1.8	-1.6
Workforce Housing Tax Incentive Program	0.0	-0.2	-2.4
Total Capped Programs	\$ -92.3	\$ -231.0	\$ -285.0
<u>Uncapped Programs</u>			
Adoption Tax Credit	\$ 0.0	\$ -0.8	\$ -0.8
Biodiesel Blended Fuel Tax Credit	-10.0	-13.7	-14.0
Charitable Conservation Contribution Tax Credit	-0.5	-0.6	-0.5
Child and Dependent Care Tax Credit	-3.8	-4.1	-6.8
E15 Gasoline Promotion Tax Credit	-0.0	-0.1	-0.1
E85 Gasoline Promotion Tax Credit	-1.3	-1.8	-2.2
Early Childhood Development Tax Credit	-0.8	-1.0	-1.1
Earned Income Tax Credit	-65.1	-67.7	-66.6
Ethanol Promotion Tax Credit	-2.4	-1.6	-1.4
Farm to Food Donation Tax Credit	0.0	-0.1	-0.2
Geothermal Heat Pump Tax Credit	-1.2	-2.0	-2.0
Iowa Industrial New Job Training Program (260E)	-40.1	-46.9	-44.7
New Capital Investment Program	-0.3	-1.2	-1.2
New Jobs and Income Program	-0.1	-8.0	-4.9
Research Activities Tax Credit	-46.6	-41.7	-51.7
Supplemental Research Activities Tax Credit	-15.4	-17.1	-14.6
Targeted Jobs Tax Credit from Withholding	-3.6	-5.8	-6.6
Tuition and Textbook Tax Credit	-14.7	-15.4	-15.5
Volunteer Firefighter and EMS Tax Credit	-0.6	-1.4	-1.4
Total Uncapped Programs	\$ -206.5	\$ -231.1	\$ -236.3
Tax Credit Program Total	\$ -298.7	\$ -462.0	\$ -521.2

Notes:

Estimates are based on the Contingent Liabilities Report provided by the Department of Revenue in March 2014.

FY 2014 is based on actual claims made by taxpayers, although the amounts may not reflect the amount of awards issued. The FY 2014 numbers may increase as additional tax credit claims are verified.

The numbers may not equal totals due to rounding.