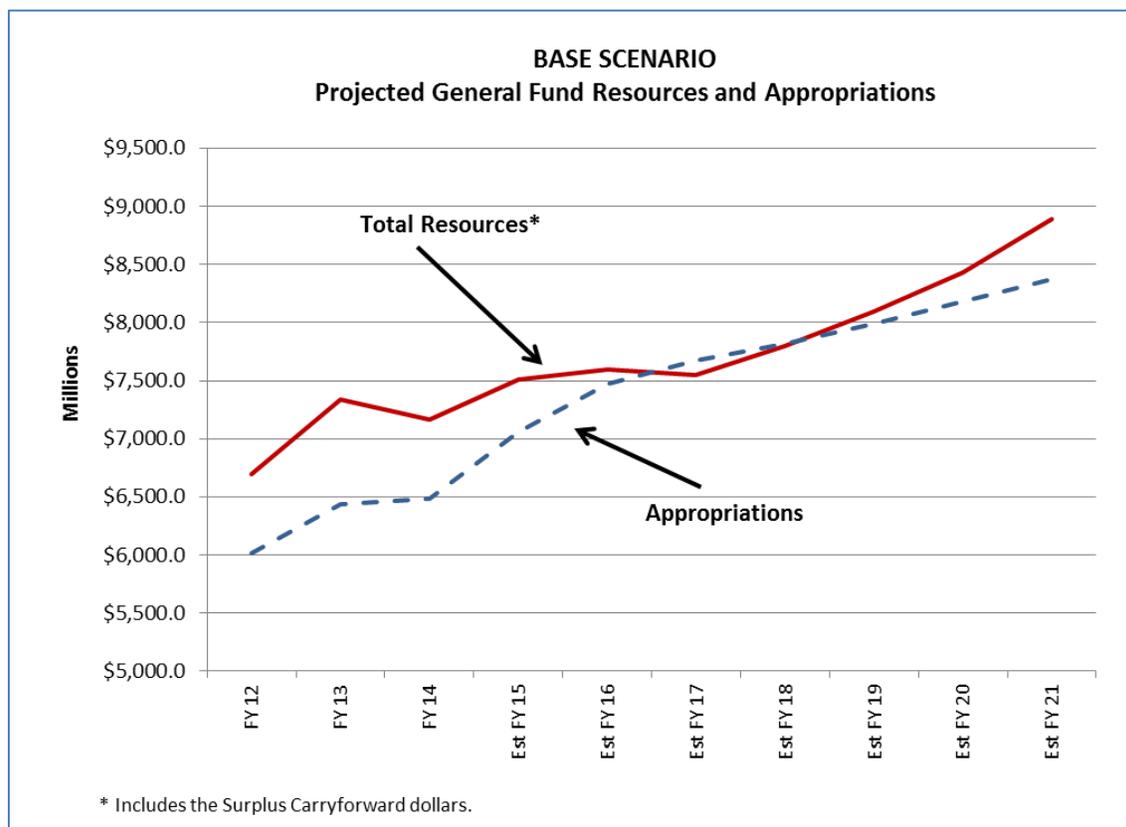


# Attachment E

## State of Iowa - Base Scenario

General Fund Budget Projection  
(Dollars in Millions)

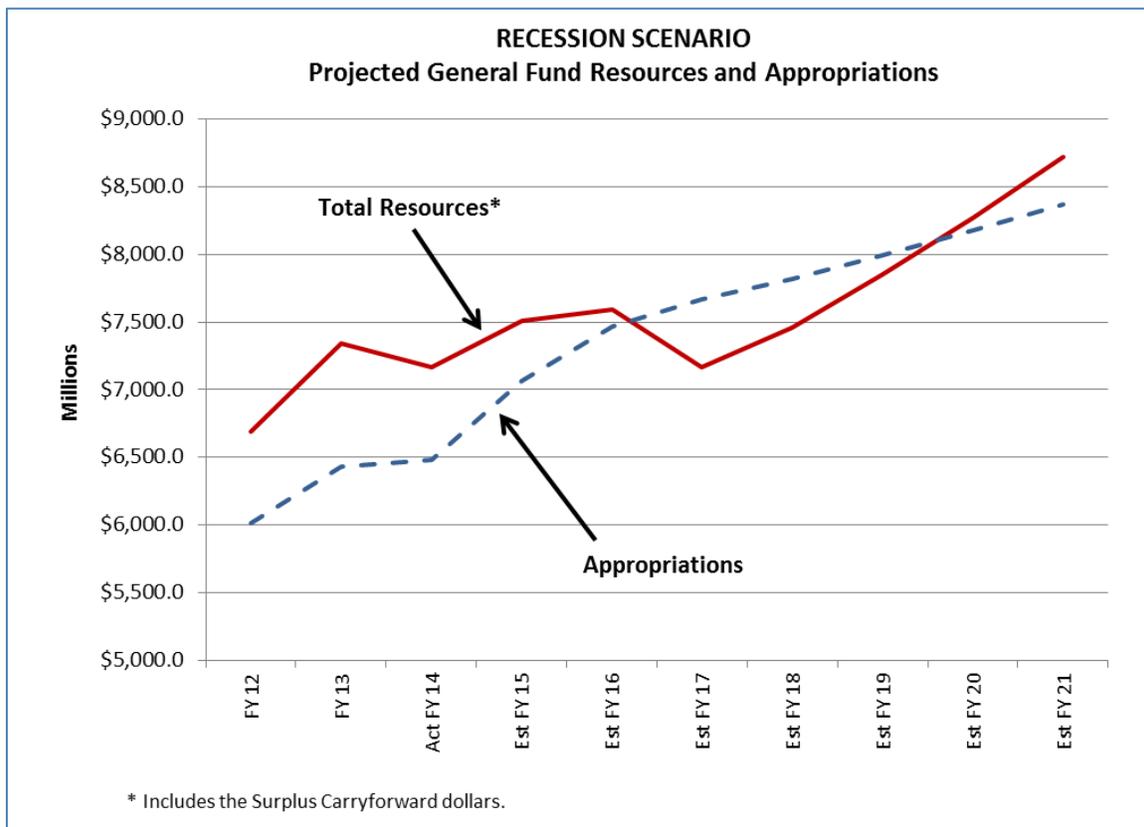
	Actual FY 2014	Est FY 2015	Est FY 2016	Est FY 2017	Est FY 2018	Est FY 2019	Est FY 2020	Est FY 2021
<b>Funds Available:</b>								
Net Receipts	\$ 6,489.1	\$ 6,857.1	\$ 7,194.6	\$ 7,468.0	\$ 7,751.8	\$ 8,046.3	\$ 8,352.1	\$ 8,669.5
Surplus Carry Forward	679.3	651.6	399.4	76.2	48.3	50.0	78.2	223.2
<b>Total Funds Available</b>	<b>\$ 7,168.4</b>	<b>\$ 7,508.7</b>	<b>\$ 7,594.0</b>	<b>\$ 7,544.2</b>	<b>\$ 7,800.1</b>	<b>\$ 8,096.4</b>	<b>\$ 8,430.3</b>	<b>\$ 8,892.7</b>
<b>Expenditure Limitation</b>			<b>\$ 7,522.1</b>	<b>\$ 7,469.5</b>	<b>\$ 7,722.5</b>	<b>\$ 8,015.9</b>	<b>\$ 8,346.8</b>	<b>\$ 8,806.0</b>
<b>Appropriations and Expenditures:</b>								
State Aid to Schools	\$ 2,716.1	\$ 2,865.5	\$ 2,930.2	\$ 2,999.4	\$ 3,058.4	\$ 3,114.8	\$ 3,174.9	\$ 3,242.5
Medicaid	1,144.2	1,318.7	1,456.7	1,542.0	1,606.9	1,663.7	1,722.2	1,782.5
Other State Programs and Services	2,622.3	2,689.8	2,757.1	2,767.4	2,808.9	2,851.1	2,893.8	2,937.3
Iowa Health & Wellness Plan			0.9	24.7	58.2	72.6	98.8	121.0
Education Reform		60.0	60.0	60.0	10.0	10.0	10.0	10.0
Commercial Property Tax Appropriations		128.6	262.2	277.6	277.6	277.6	277.6	277.6
<b>Subtotal Appropriations</b>	<b>\$ 6,482.6</b>	<b>\$ 7,062.6</b>	<b>\$ 7,467.1</b>	<b>\$ 7,671.2</b>	<b>\$ 7,820.0</b>	<b>\$ 7,989.7</b>	<b>\$ 8,177.3</b>	<b>\$ 8,370.8</b>
Adjustment to Meet Expenditure Limit			<b>0.0</b>	<b>-201.7</b>	<b>-97.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Appropriations after Adjustments</b>	<b>\$ 6,482.6</b>	<b>\$ 7,062.6</b>	<b>\$ 7,467.1</b>	<b>\$ 7,469.5</b>	<b>\$ 7,722.5</b>	<b>\$ 7,989.7</b>	<b>\$ 8,177.3</b>	<b>\$ 8,370.8</b>
Reversions	-21.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
<b>Net Appropriations</b>	<b>\$ 6,461.6</b>	<b>\$ 7,057.6</b>	<b>\$ 7,462.1</b>	<b>\$ 7,464.5</b>	<b>\$ 7,717.5</b>	<b>\$ 7,984.7</b>	<b>\$ 8,172.3</b>	<b>\$ 8,365.8</b>
<b>Ending Balance - Surplus</b>	<b>\$ 706.8</b>	<b>\$ 451.1</b>	<b>\$ 131.9</b>	<b>\$ 79.7</b>	<b>\$ 82.5</b>	<b>\$ 111.7</b>	<b>\$ 257.9</b>	<b>\$ 526.9</b>

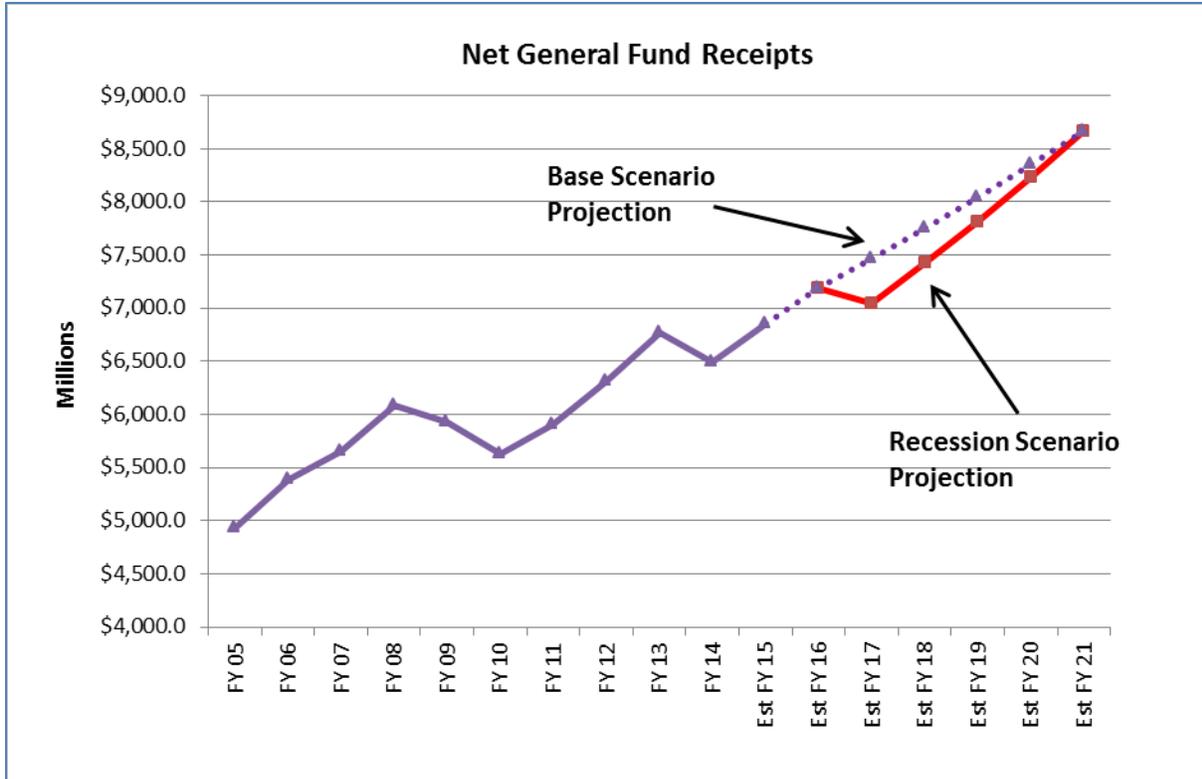


## State of Iowa - Recession Scenario

### General Fund Budget Projection (Dollars in Millions)

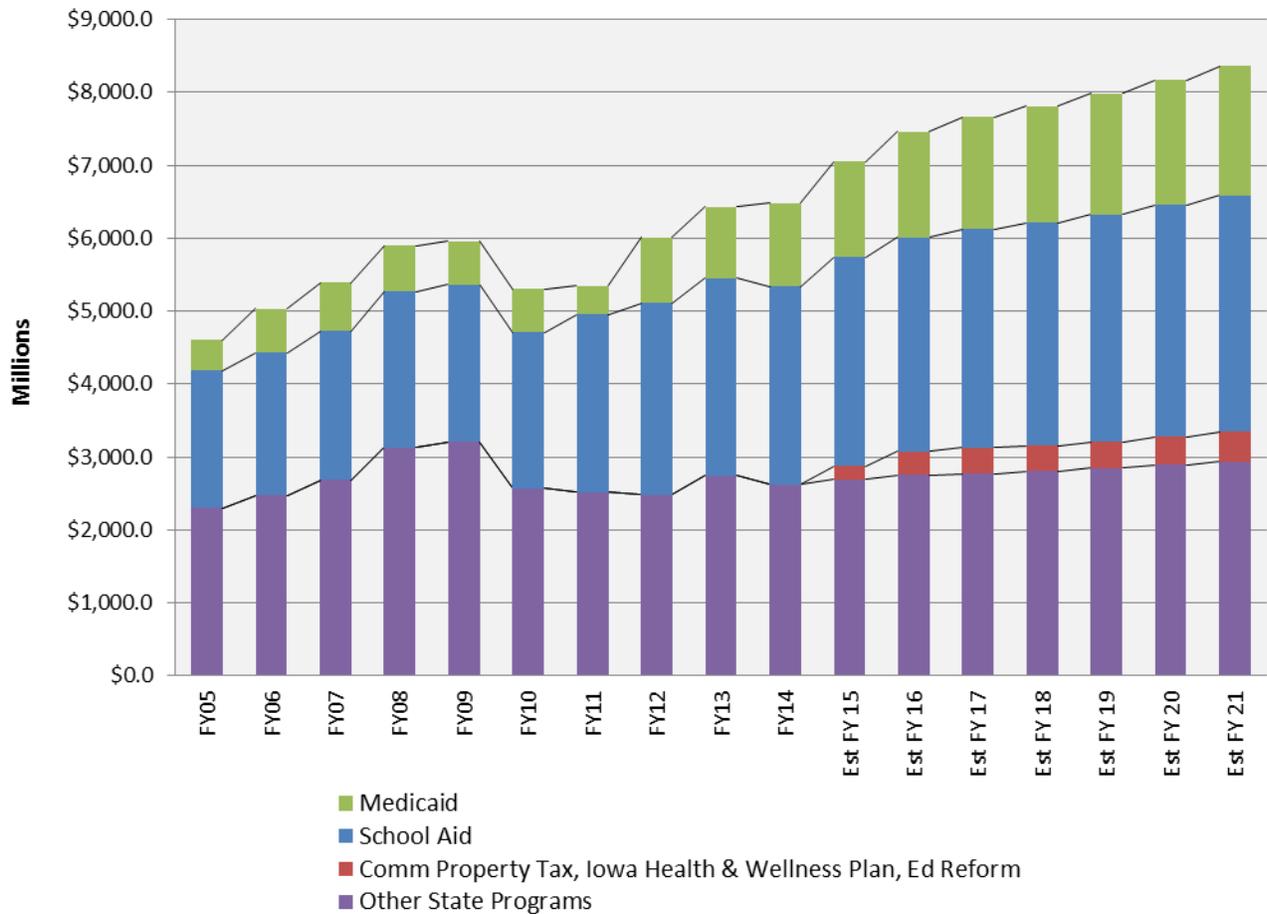
	Actual FY 2014	Est FY 2015	Est FY 2016	Est FY 2017	Est FY 2018	Est FY 2019	Est FY 2020	Est FY 2021
<b>Resources</b>								
Net Receipts	\$ 6,489.1	\$ 6,857.1	\$ 7,194.6	\$ 7,050.7	\$ 7,424.6	\$ 7,818.3	\$ 8,232.9	\$ 8,669.5
Surplus Carry Forward	679.3	651.6	399.4	117.9	35.2	36.7	38.8	52.8
<b>Total Resources Available</b>	<b>\$ 7,168.4</b>	<b>\$ 7,508.7</b>	<b>\$ 7,594.0</b>	<b>\$ 7,168.6</b>	<b>\$ 7,459.8</b>	<b>\$ 7,855.1</b>	<b>\$ 8,271.7</b>	<b>\$ 8,722.3</b>
<b>Expenditure Limitation</b>			<b>\$ 7,522.1</b>	<b>\$ 7,098.1</b>	<b>\$ 7,385.6</b>	<b>\$ 7,776.9</b>	<b>\$ 8,189.4</b>	<b>\$ 8,635.6</b>
<b>Appropriations and Expenditures:</b>								
State Aid to Schools	\$ 2,716.1	\$ 2,865.5	\$ 2,930.2	\$ 2,999.4	\$ 3,058.4	\$ 3,114.8	\$ 3,174.9	\$ 3,242.5
Medicaid	1,144.2	1,318.7	1,456.7	1,542.0	1,606.9	1,663.7	1,722.2	1,782.5
Other State Programs and Services	2,622.3	2,689.8	2,757.1	2,767.4	2,808.9	2,851.1	2,893.8	2,937.3
Iowa Health & Wellness Plan			0.9	24.7	58.2	72.6	98.8	121.0
Education Reform		60.0	60.0	60.0	10.0	10.0	10.0	10.0
Commercial Property Tax Appropriations		128.6	262.2	277.6	277.6	277.6	277.6	277.6
<b>Subtotal Appropriations</b>	<b>\$ 6,482.6</b>	<b>\$ 7,062.6</b>	<b>\$ 7,467.1</b>	<b>\$ 7,671.2</b>	<b>\$ 7,820.0</b>	<b>\$ 7,989.7</b>	<b>\$ 8,177.3</b>	<b>\$ 8,370.8</b>
Adjustment to Meet Expenditure Limit			<b>0.0</b>	<b>-573.1</b>	<b>-434.5</b>	<b>-212.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Appropriations after Adjustments</b>	<b>\$ 6,482.6</b>	<b>\$ 7,062.6</b>	<b>\$ 7,467.1</b>	<b>\$ 7,098.1</b>	<b>\$ 7,385.6</b>	<b>\$ 7,776.9</b>	<b>\$ 8,177.3</b>	<b>\$ 8,370.8</b>
Reversions	-21.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
<b>Net Appropriations</b>	<b>\$ 6,461.6</b>	<b>\$ 7,057.6</b>	<b>\$ 7,462.1</b>	<b>\$ 7,093.1</b>	<b>\$ 7,380.6</b>	<b>\$ 7,771.9</b>	<b>\$ 8,172.3</b>	<b>\$ 8,365.8</b>
<b>Ending Balance - Surplus</b>	<b>\$ 706.8</b>	<b>\$ 451.1</b>	<b>\$ 131.9</b>	<b>\$ 75.5</b>	<b>\$ 79.2</b>	<b>\$ 83.2</b>	<b>\$ 99.4</b>	<b>\$ 356.4</b>



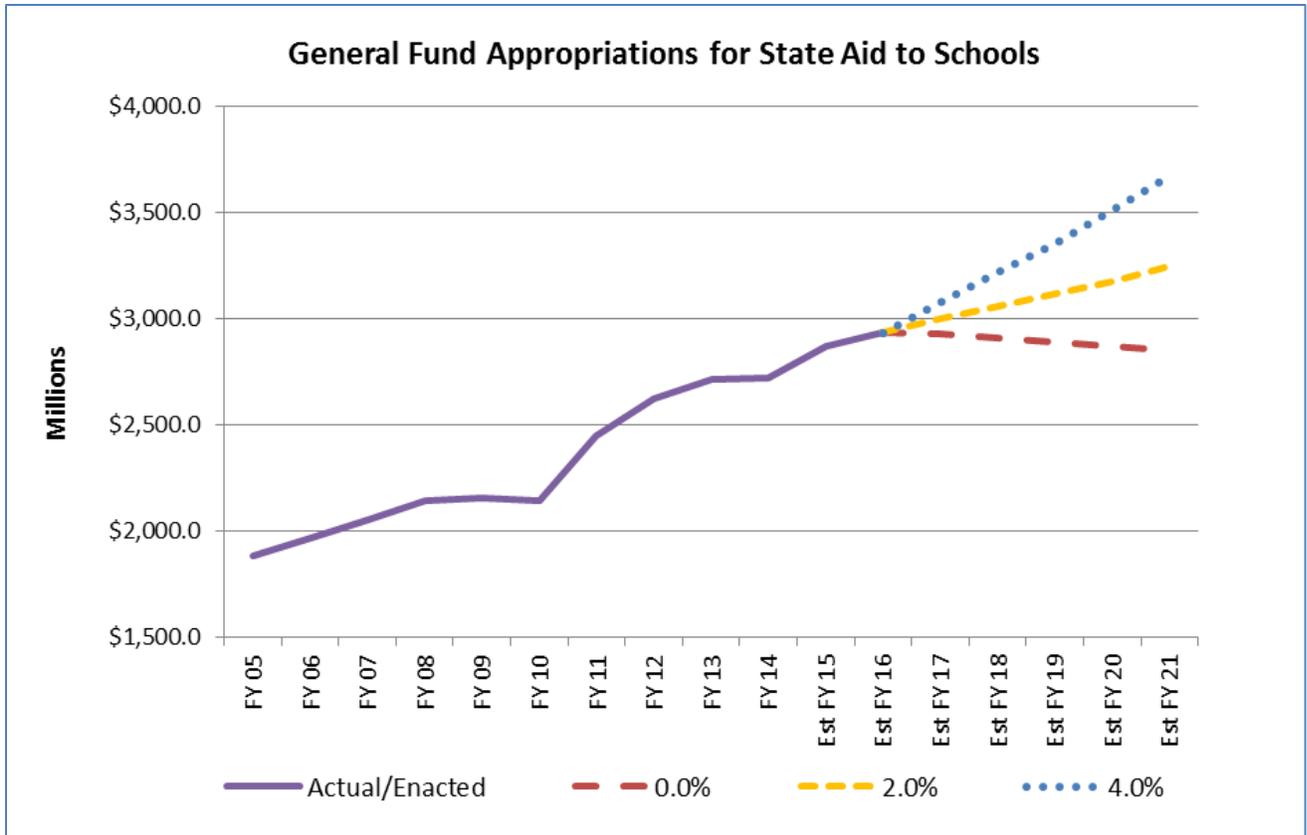


- The net General Fund revenue estimates set by the Revenue Estimating Conference on December 12, 2014, reflect increases of 5.7% for FY 2015 and 4.8% for FY 2016.
- Under the Base Scenario, net General Fund revenues are projected to grow by 3.8% beginning FY 2017 through FY 2021. This represents the average annual rate of increase from FY 2002 to FY 2013.
- Under the Recession Scenario, net General Fund revenues are projected to decrease by 2.0% in FY 2017 and then recover to an average annual rate 5.3% growth from FY 2018 to FY 2021.

## General Fund Appropriations



- The appropriations for State Aid to Schools and Medicaid currently comprise 50.5% of total General Fund appropriations.
- From FY 2005 to FY 2014, appropriations for State Aid to Schools and Medicaid combined have increased at an average annual rate of 5.9%. In addition, these two programs have accounted for 78.0% of the total growth in General Fund appropriations during this 10-year period.
- All other General Fund appropriations increased at an average annual rate of 1.5% from FY 2005 to FY 2014.
- From FY 2016 to FY 2021, total appropriations are estimated to increase at an annual rate of 2.3%.
  - State Aid to Schools is estimated to increase by 2.0% annually
  - Medicaid is estimated to increase by 4.1% annually
  - Other Programs are estimated to increase by 1.3% annually
  - Commercial Property Tax, the Iowa Health and Wellness Plan, and Education Reform will increase from a total of \$188.6 million in FY 2015 to \$408.6 million in FY 2021.



- From FY 2005 to FY 2014, the appropriation for State aid to Schools increased at an average annual rate of 4.2%.
- For FY 2015, the State aid to Schools appropriation increased \$149.4 million (5.5%) compared to FY 2014.
- The LSA estimated built-in increase for FY 2016 totals \$71.8 million and assumes a 0.0% allowable growth rate.
- For the projection period (FY 2017 – FY 2021), a per pupil growth rate of 2.0% is assumed. The above chart depicts the estimated variance that results when using 0.0%, 2.0%, and 4.0% growth rates.

### Additional Notes and Assumptions

1. The FY 2015 budget estimate assumes a \$68.0 million supplemental appropriation for Medicaid based on the midpoint of the Medicaid Forecasting Group's December 12, 2014, estimate.
2. The FY 2016 budget estimate assumes base appropriations of \$6,979.4 million (FY 2015 enacted appropriations) and \$487.7 million of built-in and anticipated expenditure changes.
3. The appropriation estimates used in the projection are based on current state and federal laws in place at the time the estimates were made. The following is a list of items to consider when reviewing the projections:
  - a. Under current law, the Resource and Environmental Protection (REAP) Fund will receive a General Fund appropriation of \$20.0 million unless it is notwithstanding by the General Assembly. The appropriation is included in the FY 2016 built-in estimate as well as the projection period (FY 2017 – FY 2021). While this appropriation is in statute, it has never been funded from the General Fund.
  - b. Under current law, the Instructional Support program will receive a General Fund appropriation of \$14.8 million unless it is notwithstanding by the General Assembly. The appropriation is included in the FY 2016 built-in estimate as well as the projection period (FY 2017 – FY 2021). While this appropriation is in statute, it has not been funded since FY 2009.
  - c. Under current law, the appropriation for Mental Health Equalization of \$30.5 million will sunset at the conclusion of FY 2016. The appropriation was not included in the projection for FY 2017 – FY 2021.
  - d. The estimate for State Aid to Schools includes the restoration of \$15.0 million for the Area Education Agencies that was reduced in FY 2015.