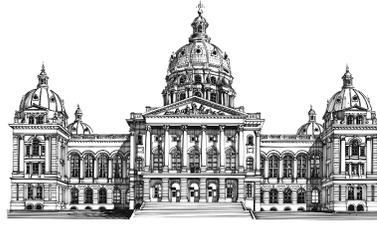


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## Section 8.39 Appropriation Transfers

### ISSUE

This *Issue Review* provides an update on the Section 8.39 transfers made by State Agencies from FY 1995 - FY 1999 and details transfers made during FY 1999.

### AFFECTED AGENCIES

All State Agencies

### CODE AUTHORITY

Chapter 8.39, Code of Iowa

### BACKGROUND

There are two types of Section 8.39 transfers – intradepartmental transfers and interdepartmental transfers.

#### Intradepartmental Transfers

Section 8.39, Code of Iowa, authorizes the governing board or director of any State department to transfer a department's unexpended appropriation to another budget unit within the department. The requirements for this type of transfer are:

- Prior written consent of the Governor and the Director of the Department of Management must be obtained.
- The Director of the Department of Management must notify the Chairpersons of the House and Senate Appropriations Committees and appropriate subcommittees.
- The purpose of the transfer must be within the scope of the department making the transfer.

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**Interdepartmental Transfers**

Section 8.39, Code of Iowa, authorizes the Director of the Department of Management to transfer funds from a department with excess appropriations to a department with insufficient appropriations. The requirements for this type of transfer are:

- Approval of the Governor must be obtained.
- The Director of the Department of Management must notify Chairpersons of the House and Senate Appropriations Committees and appropriate subcommittees.
- The budget unit receiving the transfer must be an entitlement appropriation (i.e., Indigent Defense, Foster Care, State Supplementary Assistance, Medical Assistance, and Family Investment Program appropriations), or if the budget unit receiving the transfer is not an entitlement appropriation the transfer cannot be authorized when the General Assembly is in regular session and the transfer amount cannot exceed fifty percent of the amount of the appropriation as enacted by the General Assembly.

**Notification Requirements**

The following requirements must be met prior to approval of a transfer:

- The Department of Management is required to notify the Chairpersons of the House and Senate Appropriations Committees and the appropriate subcommittees prior to making transfers.
- Chairpersons must have at least two weeks to review and comment on proposed transfers.
- The Department must also notify the Legislative Fiscal Committee on a monthly basis of all transfers made.
- Notices could include the following information:
  - The amount of each transfer.
  - The departments affected by each transfer.
  - The reason for each transfer.

**Other States**

**Attachment A** provides an overview of the authority of the executive branch in each state to transfer appropriations between departments (interdepartmental transfers) and within departments (intradepartmental transfers) and the role of each state's legislature.

Iowa, Indiana, and South Dakota are the only states that allow unlimited authority of the executive branch to make both interdepartmental and intradepartmental transfers. South Dakota is different than Iowa in that transfers require approval of an interim appropriations committee. Indiana statute does not provide any requirements for legislative approval.

**Transfers Since FY 1995**

**Figure 1** provides a breakdown of transfers by type since FY 1995. The total transfer amount has decreased from approximately \$16.2 million in FY 1995 to approximately \$3.0 million in FY 1999. This is a decrease of approximately \$13.2 million (81.5%).

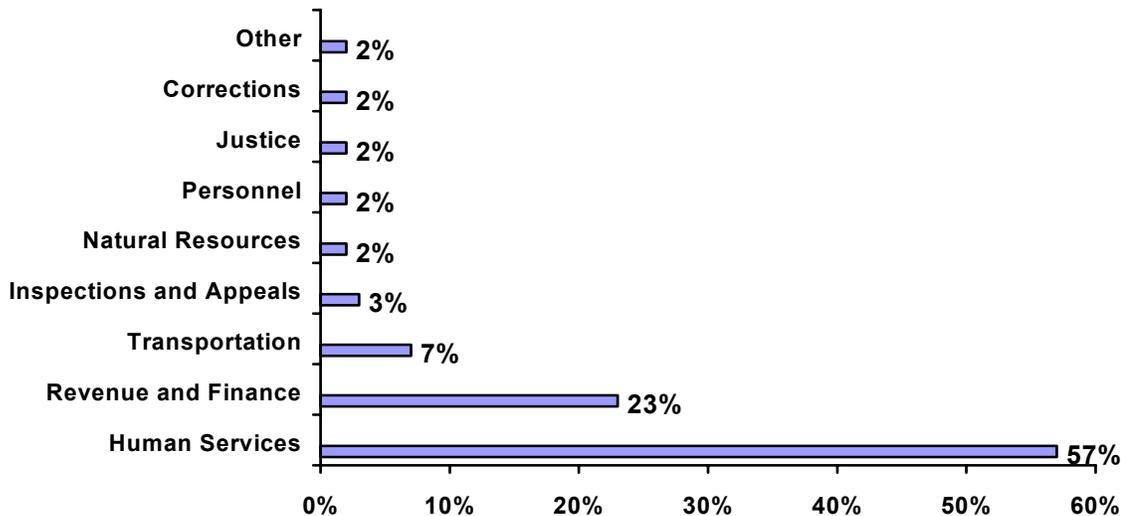
**Figure 1  
Transfers Since FY 1995**

<u>Fiscal Year</u>	<u>Intradepartmental</u>	<u>Interdepartmental</u>	<u>Total</u>
1995	\$ 16,187,176	\$ 44,880	\$ 16,232,056
1996	9,300,195	61,600	9,361,795
1997	5,174,082	40,000	5,214,082
1998*	2,060,000	NA	2,060,000
1999	2,959,500	72,500	3,032,000

\* The FY 1998 figure does not include intradepartmental transfers of \$41.6 million necessary to comply with federal funding requirements.

Since FY 1995, Intradepartmental Transfers have totaled approximately \$35.7 million. **Figure 2** shows the percentage of the total amount that has been transferred by each department since FY 1995.

**Figure 2  
FY 1995-1999 Intradepartmental Transfers – Percentage of  
the Total Amount Transferred by Department**



The Department of Human Services and the Department of Revenue and Finance account for approximately 80.0% of the intradepartmental transfers since FY 1995. The Department of Human Services has made transfers of approximately \$20.3 million (57.0%) during this period. The Department of Revenue and Finance has made transfers of approximately \$8.3 million (23.0%) during this period.

### CURRENT SITUATION

#### FY 1999 Intradepartmental Transfers

During FY 1999, intradepartmental transfers totaled approximately \$3.0 million. **Figure 3** shows FY 1999 intradepartmental transfers by department.

**Figure 3**  
**FY 1999 Intradepartmental Transfers**

<u>Department</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Dept. of Human Services	Medical Assistance	MI/MR State Cases	\$1,000,000
	Field Operations	MI/MR State Cases	850,000
	Medical Assistance	MI/MR State Cases	400,000
Dept. of Corrections	Fort Dodge Institution	Central Office	175,000
	Fort Dodge Institution	County Confinement	175,000
Dept. of Personnel	Program Admin. And Dev.	Operations	159,000
	Program Delivery Services	Operations	115,500
Dept. of Natural Resources	Energy and Geological Res. Div.	Admin. Serv. Div.	65,000
	Forest and Prairies Division	Admin. Serv. Div.	15,000
	Parks, Rec., and Preserves Div.	Admin. Serv. Div.	5,000
<b>Total</b>			<u>\$2,959,500</u>

The Department of Human Services had transfers of approximately \$2.3 million to Mental Illness/Mental Retardation State Cases. These transfers were necessary because monthly expenditures for services to persons with mental retardation or mental illness without a county of legal settlement exceeded the level budgeted for most of the fiscal year.

The Department of Corrections had transfers of \$350,000. A transfer of \$175,000 was made to the Central Office Division for additional costs associated with the relocation of the Department to new office space. These costs included Iowa Communications Network (ICN) connections, office furniture, and office partitions. A transfer of \$175,000 was made to the County Confinement Division due to additional costs associated with the temporary confinement of violators from work release, parole, and operating while intoxicated.

The Department of Personnel had transfers of approximately \$275,000. Transfers were made to the Operations Division because expenditures were greater than originally anticipated.

The Department of Natural Resources had transfers of \$85,000. Transfers were made to the Administration Division because additional funds were needed to cover costs incurred to redesign and carpet office space due to reconfiguration to house additional staff.

**FY 1999 Interdepartmental Transfers**

During FY 1999, interdepartmental transfers totaled approximately \$73,000. **Figure 4** shows FY 1999 interdepartmental transfers by department.

**Figure 4**  
**FY 1999 Interdepartmental Transfers**

Department of Inspections and Appeals	Iowa Communications Network	\$ 60,000
Department of Management	Governor's Office	<u>12,500</u>
<b>Total</b>		<u><u>\$ 72,500</u></u>

The Iowa Communications Network (ICN) received an interdepartmental transfer of \$60,000 from the Department of Inspections and Appeals Indigent Defense Fund. The transfer was made due to costs associated with an appeal to the United States Court of Appeals concerning an FCC decision that stated the ICN does not qualify as a common carrier and is ineligible for Universal Service Fund reimbursement for services offered by the ICN.

The Office of the Governor received an interdepartmental transfer of approximately \$13,000 from the Department of Management's Salary Adjustment Fund. The transfer was made to cover transition costs related to the change in Governor.

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# Overview of Other State Appropriation Transfers

ATTACHMENT A

## Authority of Executive Branch to Transfer Appropriations by Type

State	Interdepartment	Intradepartment	Role of the Legislature in Transfers
Alabama	Not allowed	Unlimited	Appropriation transfers between programs within a department must be reported quarterly to the Legislature.
Alaska	Not allowed	Not allowed	Agency transfers can be made only if provided for in the appropriations act or if the Legislature amends the appropriations act.
Arizona	Not allowed	Limited	Requires approval of the Joint Legislative Budget Committee to: 1) transfer funds to or from personal services and employee related expenditures from any other program, budget, or subclass; and 2) transfer funds within the Department of Administration. The Legislature must amend the appropriations act for interdepartmental transfers.
Arkansas	Limited	Limited	Depending on the situation, the Executive Branch may be required to consult the Legislature.
California	Not allowed	Limited	The Legislature must amend the appropriations act for interdepartmental transfers.
Colorado	Not allowed	Not allowed	Only the Legislature may transfer funds through appropriation. However, the Legislature allows limited transfers to close the books.
Connecticut	Limited	Limited	Approval by Legislative - Executive Finance Advisory Committee is binding over transfers within a department of more than \$50,000 or 10 percent, whichever is less.
Delaware	Limited	Limited	The Comptroller General, an employee of the Legislature, must concur on all transfers of general funds approved by the Budget Director.
Florida	Not allowed	Limited	The Legislature must be consulted to ensure statutory guidelines not violated.
Georgia	Limited	Limited	The General Assembly Fiscal Affairs Committee, which serves upon the governor's call only, is authorized to move appropriations between objects within a department.
Hawaii	Not allowed	Unlimited	The Legislature must amend the appropriations act for interdepartmental transfers.
Idaho	Not allowed	Limited	The Legislature must amend the appropriations act for interdepartmental transfers and transfers between programs exceeding 10 percent.
Illinois	Not allowed	Limited	Approval by Legislature is binding over interdepartmental transfers and transfers exceeding two percent of an operating budget item.
Indiana	Unlimited	Unlimited	None provided in statutes.
Iowa	Unlimited	Unlimited	Before any transfer of funds, chairs and subcommittee chairs of the House and Senate appropriations committees must be given at least two weeks to review and comment on the proposed transfers.
Kansas	Not allowed	Limited	Some transfers between departments may be allowed, with special legislative permission. Any State agency may, with the approval of the State Finance Council, transfer all or part of its items of appropriation to another of its items of appropriation.
Kentucky	Not allowed	Unlimited	The Legislature must amend the appropriations act for interdepartmental transfers. The budget bill may permit fund transfers.
Louisiana	Not allowed	Limited	The Joint Legislative Committee on the Budget may approve transfers between programs. The Legislative Fiscal Office analyzes and makes recommendations on these requests.
Maine	Not allowed	Unlimited	Review done by the Joint Appropriations Committee.
Maryland	Limited	Unlimited	Copies of amendments are sent to the Department of Legislative Services.
Massachusetts	Not allowed	Limited	Legislative approval is required for transfers between program classes within a department.

## Overview of Other State Appropriation Transfers

State	Authority of Executive Branch to Transfer Appropriations by Type		Role of the Legislature in Transfers
	Interdepartment	Intradepartment	
Michigan	Not allowed	Limited	Approval by the House and Senate appropriations committees is binding over intradepartmental transfers. The Legislature must amend the appropriations act for interdepartmental transfers.
Minnesota	Not allowed	Unlimited	The Legislature is notified.
Mississippi	Not allowed	Limited	The Legislature must authorize interdepartmental transfers in the appropriations act.
Missouri	Not allowed	Not allowed	The Legislature must amend the appropriations act for any transfers to be made.
Montana	Limited	Unlimited	For the requirements of programs within a department, the Finance Committee does not have the power to approve or disapprove, only to advise.
Nebraska	Not allowed	Not allowed	The Legislature must amend the appropriations act for any transfers between departments or programs or delegate by specific act.
Nevada	Not allowed	Limited	Transfer of money within a department requires Legislative Interim Finance Committee approval. The Legislature must amend the appropriations act for interdepartmental transfers.
New Hampshire	Not allowed	Limited	All transfers within a department require prior approval of the Joint Legislative Fiscal Committee.
New Jersey	Limited	Limited	Depending on the type and dollar threshold of transfer, may require approval of legislative budget and finance officer of Joint Budget Oversight Committee.
New Mexico	Not allowed	Unlimited	Approved transfers are delayed 10 days for staff review by the Legislative Finance Committee (LFC). If the staff objects, the transfer is delayed for 35 days or until the LFC can hold a hearing. At the conclusion of the hearing, the transfer may be approved regardless of the position of the LFC or the outcome of the hearing.
New York	Not allowed	Limited	The Legislature must amend the appropriations act for all interdepartmental transfers and for transfers between programs exceeding the limit of the executive's transfer authority.
North Carolina	Not allowed	Limited	The Legislature must amend the appropriations act for interdepartmental transfers.
North Dakota	Not allowed	Unlimited	If less than \$50,000, transfers are binding by Emergency Commission, which consists of the Governor, the Legislative Council Chair, the Secretary of State, and the Chairs of the Senate and House Appropriations Committees. If \$50,000 or more, the transfer must also be approved by the Budget Section, which consists of legislative leadership and House and Senate Appropriations Committee
Ohio	Not allowed	Not allowed	A controlling board with six legislative members and one Executive Branch member may approve requests to transfer appropriations within any agency. Transfers between agencies must be approved by the Legislature.
Oklahoma	Not allowed	Limited	Approval by Executive-Legislative Contingency Review Board is binding for intradepartmental transfers exceeding 25 percent but less than 40 percent of any appropriation. The Legislature must amend the appropriations act for all interdepartmental transfers and intradepartmental transfers exceeding 40 percent of an appropriation.
Oregon	Not allowed	Limited	Approval by the Legislative Emergency Board is binding over transfers between expenditure classifications within the budget of an agency. The Legislature must amend the appropriations act for interdepartmental transfers.
Pennsylvania	Not allowed	Limited	Transfers of funds that will be used for original intent can occur via subcontracts or a reorganization plan (requires legislative oversight). The reorganization plan would move the entity receiving the appropriation to another department. If the money is to be used for the same purpose, it can be moved on a contractual basis. If the intent is to use the money for a different purpose, the transfer is not allowed.

## Overview of Other State Appropriation Transfers

State	Authority of Executive Branch to Transfer Appropriations by Type		Role of the Legislature in Transfers
	Interdepartment	Intradepartment	
Rhode Island	Not allowed	Limited	The Legislature must amend the appropriation account for interdepartmental transfers.
South Carolina	Unlimited	Limited	The Budget and Control Board - with two legislative members of five total - must unanimously approve transfers.
South Dakota	Unlimited	Unlimited	Transfers between departments require approval by the Interim Appropriations Committee.
Tennessee	Not allowed	Limited	If approved, transfers between divisions within a department are binding by a committee composed of Senate Speaker, House Speaker, and Comptroller. The Legislature must amend the appropriations act for interdepartmental transfers.
Texas	Limited	Limited	The Governor or the Legislative Budget Board may propose a transfer. The latter entity must approve a proposal by the first entity.
Utah	Not allowed	Unlimited	None.
Vermont	Not allowed	Limited	Transfers within a department in excess of \$25,000 require approval of the Emergency Board. The Legislature must amend the appropriations act for interdepartmental transfers.
Virginia	Not allowed	Limited	None.
Washington	Limited	Unlimited	Legislature must approve transfers between departments.
West Virginia	Not allowed	Limited	None.
Wisconsin	Limited	Limited	Approval by Legislative Joint Committee on Finance is binding over transfers to be made between years, appropriations, or programs.
Wyoming	Limited	Limited	The Legislature grants the authority in session laws every two years.