

Iowa Legislative Fiscal Bureau



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Section 8.39 Appropriations Transfers

(Updated November 2000)

ISSUE

This *Issue Review* provides an update on the Section 8.39 transfers made by State Agencies from FY 1995 - FY 2000 and details transfers made during FY 2000.

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 are required to 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

Table 1 provides a breakdown of transfers by type since FY 1995. The total transfer amount has ranged from a high of \$16.2 million in FY 1995 to a low of \$2.1 million in FY 1998.

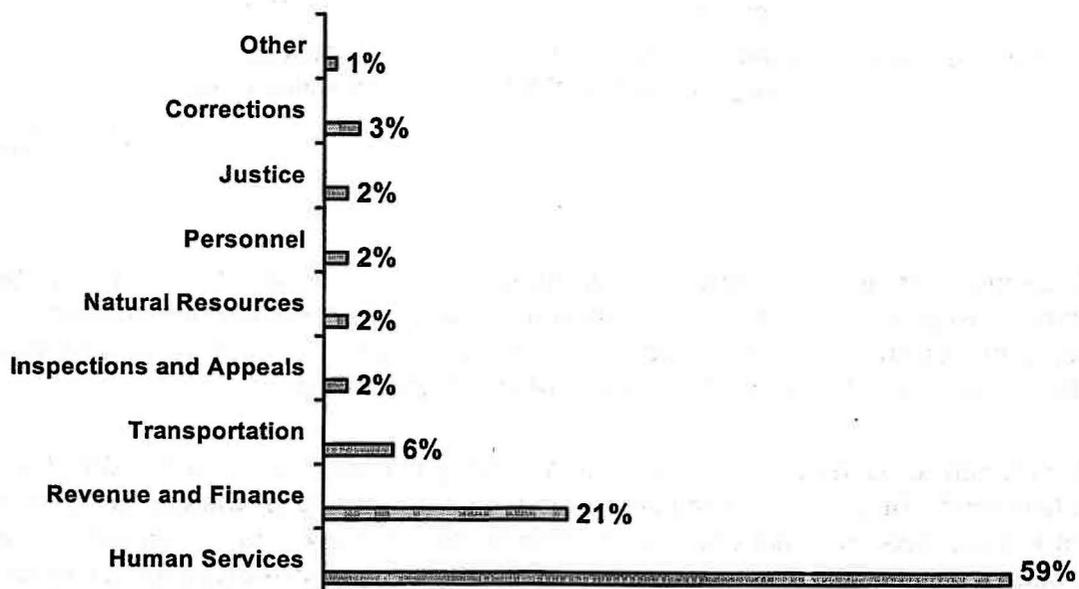
**Table 1
Transfers Since FY 1995**

<u>Fiscal Year</u>	<u>Intra- departmental</u>	<u>Inter- departmental</u>	<u>Total</u>
1995	\$ 16,187,176	\$ 44,880	\$ 16,232,05
1996	9,300,195	61,600	9,361,79
1997	5,174,082	40,000	5,214,08
1998*	2,060,000	NA	2,060,00
1999	2,959,500	72,500	3,032,00
2000	4,919,510	4,416,078	9,335,58
	<u>\$ 40,600,463</u>	<u>\$ 4,635,058</u>	<u>\$ 45,235,52</u>

* 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 \$40.6 million. Table 2 shows the percentage of the total amount that has been transferred by each department since FY 1995.

**Table 2
FY 1995-2000 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 \$23.8 million (59.2%) during this period. The Department of Revenue and Finance has made transfers of approximately \$8.3 million (20.6%) during this period.

CURRENT SITUATION

FY 2000 Intradepartmental Transfers

Table 3 shows FY 2000 intradepartmental transfers by department of \$4.9 million.

Table 3
FY 2000 Intradepartmental Transfers

<u>Department</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Dept. of Human Services	Dept. of Human Services	Medical Assistance	\$ 3,500,000
Office of the Governor	State-Federal Relations	General Office	15,000
General Services	Operations	Planning Commission	499
Dept. of Agriculture	Dairy Trade Prac.	Admin Services	27,000
	Dairy Prod. Control	Admin Services	48,000
	Fertilizer	Admin Services	62,000
	Commercial Feed	Admin Services	10,000
Dept. of Corrections	Mt. Pleasant Facility	CBC Districts	500,011
	Fort Dodge Facility	Central Office	180,000
	Fort Dodge Facility	CBC District 5	225,000
Dept. of Personnel	Program Delivery Services	Operations	127,000
Dept. of Public Safety	Div. of Criminal Investigation	State Fire Marshall	130,000
	Administrative Services	State Fire Marshall	12,000
	Capitol Police	State Fire Marshall	10,000
Dept. of Nat. Resources	Administration Division	Parks Division	55,000
	Energy & Geological Res.	Environmental Div.	18,000
Total			\$ 4,919,510

The Department of Human Services had transfers of approximately \$3.5 million to Medical Assistance. Expenditures for Medical Assistance exceeded the appropriated amount and interdepartmental transfers were made from 12 State agencies in addition to the \$3.5 million from the Department of Human Services to Medical Assistance.

The Department of Corrections had transfers totaling approximately \$905,000. Community Based Correction Districts were required to implement a hormonal therapy program and expand sex offender treatment programs. The funding for sex offender treatment was located in the budget for the Mt. Pleasant facility and \$500,000 was dispersed across every district for those functions. The Department also transferred \$225,000 to Community Based

Corrections District Five from the Fort Dodge facility for asbestos removal, cameras, and accessibility issues. A transfer in the amount of \$180,000 to the Central Office from the Fort Dodge facility was necessary for legal fees, emergency response training for all institution staff, and scanning of institutional dead records to comply with statutory requirements for retaining offender records.

FY 2000 Interdepartmental Transfers

During FY 2000, interdepartmental transfers totaled \$4,416,078. Table 4 shows FY 2000 interdepartmental transfers by department.

Table 4
FY 2000 Interdepartmental Transfers

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Attorney General	Medical Assistance	\$ 100,000
Department of Commerce	Medical Assistance	1,070,000
Department of Corrections	Medical Assistance	1,439,000
Dept. of Economic Development	Medical Assistance	50,000
Department of Education	Medical Assistance	250,000
Dept. of General Services	Medical Assistance	260,000
Dept. of Inspections and Appeals	Medical Assistance	677,678
Department of Management	Medical Assistance	281,000
Department of Natural Resources	Medical Assistance	50,000
Department of Public Health	Medical Assistance	50,000
Department of Public Safety	Medical Assistance	100,000
Dept. of Revenue and Finance	Medical Assistance	50,000
Dept of Inspections and Appeals	Ethics and Campaign	2,500
Dept. of Economic Development	IPERS	13,900
Dept. of Economic Development	Public Employment Relations Board	7,000
Governor's Office	Department of Management	15,000
Total		<u>\$ 4,416,078</u>

Medicaid expenditures exceeded the appropriation by approximately \$7.9 million in FY 2000. Two claims totaling approximately \$2.8 million were paid from the Appeals Board however, when the amount of the Section 8.39 transfers was greater than expected, approximately \$2.0 million was returned.

Interdepartmental transfers totaling \$4.4 million from 12 separate State agencies and \$3.5 million transferred from various divisions within the Department of Human Services covered a shortfall for the Medical Assistance appropriation. Table 5 shows the source and reason for the availability of funds.

**Table 5
Source and Reason for Availability of
Medical Assistance Transfer**

<u>Transfer from:</u>	<u>Source and Reason for Availability of Funds:</u>
Department of Human Services	\$950,000 from State Supplementation, \$584,000 from FIP, \$400,000 from State Cases. No impact is expected in these areas because expenditures were less than anticipated. The remaining areas include General Administration, Field Operations, Child Support Recoveries, and DHS Institutions. Transfers from these budget units would reduce funding for training/technology and the pooled technology account.
Attorney General (Consumer Advocate)	\$100,000 available due to positions held vacant until a new Consumer Advocate was appointed. Transfer would reduce the funding for training/technology and the pooled technology account.
Department of Commerce	Reason for availability of \$1,070,000 funds not indicated by the Department or DOM. Transfer would reduce funding available for training/technology and the pooled technology account.
Department of Corrections	\$1,339,000 from surplus in debt service funds for retirement of series 1990A Bonds and \$100,000 from various institutions. Transfer would reduce funding for training/technology.
Department of Economic Development	Reason for availability of \$50,000 not indicated by the Department or DOM. Transfer would reduce funding available for training/technology and the pooled technology account.
Department of Education	\$200,000 unexpended from Educational Excellence Phase III appropriation and \$50,000 unexpended from School Violence Crisis Intervention Task Force appropriation.
Department of General Services	\$260,000 from unused utility funds which would otherwise carryforward to FY 2001 and from unused rent funds which would otherwise revert.
Department of Inspections and Appeals	\$677,678 from Indigent Defense appropriation due to fewer than anticipated claims.
Department of Management	\$281,000 from unused salary adjustment funds.
Department of Natural Resources	\$50,000 from Park Ranger retirement funds due to fewer than anticipated retirements. The transfer will reduce the funding available for the pooled technology account.
Department of Public Health	Reason for availability of \$50,000 not indicated by the Department or DOM. Transfer would reduce funding available for training/technology and the pooled technology account.
Department of Public Safety	\$50,000 from higher than anticipated Fire Marshal receipts and \$50,000 from an unexpended Patrol appropriation for patrol cars. Transfer would reduce funding for training/technology and the pooled technology account.
Department of Revenue and Finance	\$50,000 from Department of Revenue and Finance divisions due to lower than anticipated expenditures on various line items. Transfer would reduce funding for training/technology and the pooled technology account.

Additional information about the Medical Assistance transfer may be obtained from the LFB.

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Section 8.39 Appropriations Transfers
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Overview of Other State Appropriation Transfers

ATTACHMENT A

State	Authority of Executive Branch to Transfer Appropriations by Type		Role of the Legislature in Transfers
	Interdepartment	Intradepartment	
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.

Overview of Other State Appropriation Transfers

State	Authority of Executive Branch to Transfer Appropriations by Type		Role of the Legislature in Transfers
	Interdepartment	Intradepartment	
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.
Rhode Island	Not allowed	Limited	The Legislature must amend the appropriation account for interdepartmental transfers.
South Carolina	Unlimited	Limited	The Budget and Control Board - of the five members, two are legislators - 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.