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STATE OF IOWA
LEGISLATIVE FISCAL BUREAU

Memorandum

TO: Members of the Legislative Fiscal Committee
FROM: Holly M. Lyons
DATE: September 20, 2001
RE: Governor's FY 2002 Budget Reductions

Attached are documents just received this morning from the Governor's office relating to his recommended reductions to the FY 2002 budget. The Fiscal Bureau staff has not yet reviewed or analyzed the documents, but I felt that it was important to include them in the mailing today so that you would have a chance to review them prior to the Fiscal Committee meeting next Wednesday. Cynthia Eisenhauer, Director of the Department of Management, is scheduled to be at the meeting in Cedar Falls, and will respond to questions. Fiscal Bureau staff will also review the documents prior to the meeting.

September 20, 2001

TO: Department Directors:

Today we are asking you to implement sweeping improvements and targeted spending reductions that will save Iowa taxpayers more than \$100 million this fiscal year, bring state spending in line with revenue, and preserve the progress that has been made in education, health care, public safety and the environment.

For nearly a decade, there was unprecedented economic growth in which states across the country shared in the prosperity. States have experienced persistent signs of slowing for almost a year and state revenue growth is declining dramatically. At the same time, more families falling victim to the slowing national economy need help, and Medicaid and other health care costs are exploding.

Over the next decade state revenue in Iowa and other states will not keep up with economic activity because states have tax systems for a manufacturing economy, not a service oriented, high technology economy of the 21st Century. While revenue growth will not keep pace, spending pressure will increase because we know it is important to make strategic investments to make Iowa grow. The action we are taking today promises to reduce spending in line with revenue, and maintain our recent commitments to education, health care and the environment.

As you know, fiscal year 2001 ended with .3% revenue growth, below the official estimate of .7%. Further, while the official estimate for fiscal year 2002 is 4.5% revenue growth, the first two months of the year saw revenue drop to -0.3%. Through September 17th, revenues were \$6 million under last year. Since it is possible that revenue will not meet expectations this year, we are choosing to proactively reduce spending even before the first quarter ends.

While there is a chance that the state's economy and revenue collections will pick up, events of the past week have further hindered prospects for recovery. The disruption to financial markets, impact on the tourism, air travel, and insurance industries, and threat to consumer confidence will all make it more difficult for the country as a whole to return to positive economic growth. By making sacrifices to effectively and proactively manage our financial resources, Iowa will be in a better position when the national economy returns to robust growth.

As a result, it is necessary for us to actively plan for the possibility that revenues will not meet the official target. As you know, there are areas of the general fund budget that we have said would not be subject to mid-year reductions. These include school aid and related appropriations, entitlements, and tax credits. There are also concerns that the enacted budget for Medicaid may be insufficient to meet the required need.

As a consequence, we have determined that it is necessary for us to prepare for the possibility of a significant reduction in operational budgets. Today, we are directing departments to plan for an additional 7.0% reduction in selected general fund budgets. Please note that these reductions are to appropriated budgets and are on top of any other cuts that were made by the Legislature in the FY 2002 budget process. The attached spreadsheet lists, by appropriation, the amounts of reduction. Please note that departments do not have to make 7% reductions to each appropriation; you may choose to make larger reductions in one appropriation and smaller (or no reduction) in others. You are responsible, however, for achieving the aggregate reduction for your department.

Departments must treat these reduction plans as real reductions. If, for some reason, economic conditions and revenue collections dramatically improve, it may be possible to lessen the size and scope of the cuts. However, there is a strong likelihood that the amounts of the reduction will ultimately be acted upon by the Legislature in a deappropriations bill. Reductions for FY 02 will have to carry forward into FY 03. The possible revenue shortfalls will lead to declines in the levels of revenues in FY 03 as well; if reductions are not made to base levels of expenditures, the budget problems will simply shift to FY 03.

I would ask that you prepare, in consultation with your labor partners and the Governor's Office liaison, a reduction plan for your department. This should detail the planned areas of reduction and describe impacts on customers, stakeholders, and your workforce. During the development stage of your plan, please provide your labor organization representatives for your department an opportunity to propose alternative recommendations for your consideration.

Departments should keep in mind legislative intent when preparing their plans for accomplishing their reductions. If the Legislature ultimately does a deappropriations bill, and the areas you target for savings are not acceptable to them, you may be put into the position of making even deeper cuts to other operating budgets.

We are well aware of the difficulties these reductions will create for your departments. We offer the following as some of the tools for you to consider in making your adjustments:

- Using technology to streamline processes and reduce costs
- Using the Iowa Communications Network for remote training and meetings
- Consolidating offices and staff
- Offering flexible work options
- Increasing supervisor to employee span of control
- Using attrition to downsize the workforce
- Eliminating unnecessary rules and procedures

- Eliminating vacant, unfilled positions
- Limiting travel and other discretionary expenditures, including equipment purchases, association memberships, and subscriptions

While the workforce attrition plan is still law and must adhered to, it is our goal to fold the savings associated with that program into the savings from the targeted reduction program. To the extent that there are savings from retirees during the balance of the fiscal year, they can be credited to your department's required level of reductions.

I understand that this is a difficult and painful process. I offer the assistance of the staff in the Department of Management with these hard choices. Please feel free to call upon us as you deal with the balance of this fiscal year.

Sincerely,

Thomas J. Vilsack
Governor

TJV/dam

FY 2002 Targeted Reductions

| Budget Subcommittee/Department | Amount |
|----------------------------------------------------|------------------------|
| Administration and Regulation | |
| Auditor of State | (\$88,579) |
| Campaign finance Disclosure Commission | (\$31,616) |
| Commerce | (\$110,748) |
| Inspections and Appeals | (\$1,849,511) |
| Governor's Office | (\$148,234) |
| Management | (\$180,915) |
| Personnel | (\$301,978) |
| Revenue and Finance | (\$2,006,679) |
| Secretary of State | (\$168,776) |
| Treasurer of State | (\$64,558) |
| General Services | (\$673,009) |
| Ag and Natural Resources | |
| Agriculture and Land Stewardship | (\$1,381,626) |
| Natural Resources | (\$1,222,650) |
| Economic Development | |
| Economic Development | (\$1,543,066) |
| Public Employment Relations Board | (\$62,187) |
| Iowa Workforce Development | (\$432,058) |
| Education | |
| College Student Aid Commission | (\$3,897,950) |
| Cultural Affairs | (\$432,774) |
| Education | (\$2,804,582) |
| Iowa Public Television | (\$547,719) |
| Community Colleges | (\$9,990,593) |
| Board of Regents | (\$46,933,876) |
| Health and Human Rights | |
| Blind | (\$128,166) |
| Civil Rights Commission | (\$79,379) |
| Elder Affairs | (\$317,249) |
| Public Health | (\$1,992,422) |
| Human Rights | (\$191,239) |
| Veteran's Affairs | (\$20,741) |
| Human Services | |
| Human Services | (\$10,382,735) |
| Justice | |
| Governor's Alliance on Substance Abuse | (\$35,317) |
| Attorney General | (\$983,908) |
| Corrections | (\$17,735,197) |
| Parole Board | (\$74,210) |
| Law Enforcement Academy | (\$96,860) |
| Oversight | |
| Information Technology | (\$244,502) |
| Iowa Telecomm and Technology Commission | (\$156,403) |
| Transportation, Capitals and Infrastructure | |
| Transportation | (\$923,017) |
| TOTAL ALL DEPARTMENTS | (\$108,235,029) |

Items Exempt from Targeted Reduction

| Department/Item | Amount | Rationale |
|------------------------------------------------------|-----------------------|-------------------------------|
| Executive Council | | |
| Court Costs | \$ 75,000 | State obligation |
| Public Improvement | 50,000 | State obligation |
| Performance of Duty | 1,500,000 | State obligation |
| Drainage Assessment | 25,000 | State obligation |
| Total | <u>\$ 1,650,000</u> | |
| Legislative Branch | <u>\$ 25,120,601</u> | Separate branch of government |
| Governor's Office | | |
| Interstate Extradition | <u>\$ 4,000</u> | State obligation |
| Management | | |
| Special Olympics | \$ 30,000 | Funds already spent |
| Appeals Board | 5,500,000 | State obligation |
| Total | <u>\$ 5,530,000</u> | |
| Revenue and Finance | | |
| Machinery and Equipment Property Tax Replacement | \$ 27,800,000 | Local property tax issue |
| Ag Land Tax Credit | 39,100,000 | Property tax credit |
| Livestock Producers Credit | 2,000,000 | Property tax credit |
| Property Tax Replacement Program | 56,287,557 | Property tax credit |
| Printing Cigarette Stamps | 133,550 | State obligation |
| Federal Cash Management | 600,000 | State obligation |
| Collection Costs and Fees | 55,610 | State obligation |
| Homestead Tax Credit | 112,900,000 | Property tax credit |
| Extraordinary Property Tax Replacement Reimbursement | 16,000,000 | Property tax credit |
| Peace Officer's Retirement System | 2,942,726 | Local property tax issue |
| Unemployment Compensation | 353,000 | State obligation |
| Franchise Tax Reimbursement to Counties | 8,800,000 | Local property tax issue |
| Military Service Tax Credit | 2,700,000 | Property tax credit |
| Total | <u>\$ 269,672,443</u> | |
| Secretary of State | | |
| Redistricting | \$ 25,000 | Funds already spent |
| Constitutional Amendments | 3,500 | State obligation |
| Total | <u>\$ 28,500</u> | |

| Department/Item | Amount | Rationale |
|-------------------------------------------|-------------------------|-------------------------------------------|
| Treasurer of State | | |
| ICN Debt Service Payments | \$ <u>9,939,165</u> | State obligation |
| Tobacco Settlement Authority | | |
| Endowment for Iowa's Health | \$ <u>7,248,000</u> | Health care |
| Education | | |
| Educational Excellence | \$ 80,891,336 | Assistance to local schools |
| School Technology Assistance | 10,000,000 | Assistance to local schools |
| Class Size Reduction Initiative | 30,000,000 | Assistance to local schools |
| Child Development | 11,560,000 | Assistance to local schools |
| Instructional Support Levy | 14,798,227 | Assistance to local schools |
| School Foundation Aid | 1,801,600,000 | Assistance to local schools |
| Transportation of Non-public Students | 8,150,000 | Assistance to local schools |
| Textbooks for Non-public Students | 611,000 | Assistance to local schools |
| Total | \$ <u>1,957,610,563</u> | |
| Regents | | |
| Iowa Braille and Sight Saving School | \$ 4,455,932 | Assistance to local schools |
| Iowa School for the Deaf | 7,950,522 | Assistance to local schools |
| Tuition Replacement | 26,081,384 | State obligation |
| Total | \$ <u>38,487,838</u> | |
| Veterans Affairs | | |
| Iowa Veterans Home | <u>49,385,190</u> | |
| Human Services | | |
| Family Investment Program | \$ 36,150,000 | Support for national issues |
| Emergency Assistance | 10,000 | Funds already spent |
| State Supplementary Assistance | 19,550,000 | Federal Maintenance of Effort Requirement |
| Medical Assistance | 413,150,000 | Federal Entitlement |
| State Children's Health Insurance Program | 8,400,000 | Health Care for Children |
| Health Insurance Premium Payments | 615,671 | Health Care for Children |
| Medical Contracts | 8,700,000 | Federal Maintenance of Effort Requirement |
| Mental Health Allowable Growth | 9,333,121 | Local Property Tax Issue |
| MH/MR/DD/BI Community Services | 19,560,000 | Local Property Tax Issue |
| Family Support Subsidy | 2,089,858 | Federal Maintenance of Effort Requirement |
| DD Special Needs Grants | 53,212 | Federal Maintenance of Effort Requirement |
| Connors Training | 46,000 | Court Decree |
| Child Care Services | 5,050,752 | Federal Maintenance of Effort Requirement |
| MI/MR State Cases | 12,700,000 | State Obligation |
| Child and Family Services | 106,000,000 | Federal Entitlement |

| Department/Item | Amount | Rationale |
|------------------------------------------------|-------------------------|-------------------------------|
| Mental Health Property Tax Replacement Program | 95,000,000 | Local Property Tax Issue |
| Total | <u>\$ 736,408,614</u> | |
| Judicial Department | | |
| General Operations | \$ 118,696,069 | Separate branch of government |
| Judicial Retirement | 3,207,834 | Separate branch of government |
| Total | <u>\$ 121,903,903</u> | |
| Commerce | | |
| Central Administration | \$ 1,187,688 | Reduces general fund revenues |
| Banking | 6,350,701 | Reduces general fund revenues |
| Credit Union | 1,348,308 | Reduces general fund revenues |
| Insurance | 4,040,495 | Reduces general fund revenues |
| Professional Licensing | 836,243 | Reduces general fund revenues |
| Utilities Division | 6,273,982 | Reduces general fund revenues |
| Total | <u>\$ 20,037,417</u> | |
| Inspections and Appeals | | |
| Indigent Defense | <u>\$ 19,814,099</u> | State obligation |
| Public Defense | | |
| Operations | \$ 5,536,940 | Support for national issues |
| Emergency Management Division | 1,078,676 | Support for national issues |
| Compensation and Expense | 110,000 | Support for national issues |
| Total | <u>\$ 6,725,616</u> | |
| Public Safety | | |
| Administration | \$ 2,551,402 | Support for national issues |
| DCI | 12,606,956 | Support for national issues |
| Undercover Funds | 129,804 | Support for national issues |
| Narcotics Enforcement | 3,618,310 | Support for national issues |
| Fire Marshall | 1,895,095 | Support for national issues |
| Capitol Security | 1,323,575 | Support for national issues |
| Highway Patrol | 38,439,694 | Support for national issues |
| SPC Sick Leave Payout | 288,139 | State obligation |
| AFIS System Maintenance | 239,743 | State obligation |
| Firefighter Training | 576,627 | Support for national issues |
| Fire Service | 608,938 | Support for national issues |
| Total | <u>\$ 62,278,283</u> | |
| TOTAL ALL EXEMPTED ITEMS | \$ 3,331,844,232 | |

STATE OF IOWA
ESTIMATED CONDITION OF THE GENERAL FUND
FINANCIAL SUMMARY

(\$ in Millions)

| | Estimated 2001 | | Estimated 2002 | |
|------------------------------------------|-------------------|-------------|-------------------|--------------|
| <u>RESOURCES</u> | | | | |
| Revenue Estimating Conference | 5,114.5 | 0.4% | 5,347.1 | 4.5% |
| Excess From Economic Emergency Fund | 165.8 | | | |
| Accrued Revenue Changes | 27.5 | | 5.0 | |
| Transfers | 109.0 | | 37.7 | |
| Transfer Adjustments | | | 16.4 | |
| Refunds of Taxes Paid (Net) | (549.1) | | (555.6) | |
| Total Resources | 4,870.7 | | 4,850.6 | |
| <i>Expenditure Limitation</i> | | | | |
| <u>EXPENDITURES</u> | | | | |
| Enacted/Recommended Appropriations | 4,882.4 | | 4,790.4 | |
| Deappropriations | (3.9) | | | |
| Supplemental Appropriations | 2.0 | | | |
| Item Veto Restorations | | | 15.2 | |
| Salary Adjustment Fund | | | 61.3 | |
| School Aid | | | 2.6 | |
| Retiree Attrition | | | (1.0) * | |
| Targeted Operational Reductions | | | (108.2) | |
| Total Appropriations | 4,880.5 | 2.5% | 4,760.3 | -2.5% |
| Estimated Reversions: | | | | |
| Regular Reversions | (10.0) | | (10.0) | |
| Operations Reversions | | | (2.5) | |
| Net Appropriations | 4,870.5 | | 4,747.8 | |
| Ending General Fund Balance | 0.2 | | 102.8 | |

Over/(Under) Expenditure Limit:

Department of Management
September 20 2001

* Workforce attrition savings after 10/1/01
are built into the targeted operational
reductions.

STATE OF IOWA
ESTIMATED CONDITION OF THE CASH RESERVE,
GAAP RETIREMENT ACCOUNT AND THE ECONOMIC EMERGENCY FUND
(\$ in Millions)

| | Actual Fiscal Year | | Estimated Fiscal Year | | Legislative Action |
|---------------------------------------|---------------------------|---------------|------------------------------|---------------|---------------------------|
| | 1999 | 2000 | 2001 | 2002 | 2002 |
| <u>CASH RESERVE FUND</u> | | | | | |
| Balance Brought Forward | 219.6 | 221.9 | 229.9 | 234.8 | 234.8 |
| Estimated Revenues: | | | | | |
| Prior Fiscal Year Ending Balance | 415.1 | 283.8 | 175.6 | 0.2 | 0.2 |
| Total Funds Available | 634.7 | 505.7 | 405.5 | 235.0 | 235.0 |
| Excess To GAAP Retirement Account | (412.8) | (275.8) | (170.7) | 10.8 | 6.8 |
| Balance Carried Forward | 221.9 5.0% | 229.9 5.0% | 234.8 5.0% | 245.8 5.0% | 241.8 5.0% |
| <u>GAAP RETIREMENT ACCOUNT</u> | | | | | |
| Balance Brought Forward | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Estimated Revenues: | | | | | |
| Excess Transferred From Cash Reserve | 412.8 | 275.8 | 170.7 | (10.8) | (6.8) |
| Total Funds Available | 412.8 | 275.8 | 170.7 | (10.8) | (6.8) |
| Transfer To Economic Emergency Fund | (412.8) | (275.8) | (170.7) | 10.8 | 6.8 |
| Balance Carried Forward | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <u>ECONOMIC EMERGENCY FUND</u> | | | | | |
| Balance Brought Forward | 219.6 | 221.9 | 229.9 | 234.8 | 234.8 |
| Estimated Revenues: | | | | | |
| Transfer From GAAP Retirement Account | 412.8 | 275.8 | 170.7 | (10.8) | (6.8) |
| Total Funds Available | 632.4 | 497.7 | 400.6 | 224.0 | 228.0 |
| Excess To The General Fund | (410.5) | (267.8) | (165.8) | 0.0 | 0.0 |
| Special Transfer To The General Fund | | | | (120.0) | |
| Balance Carried Forward | 221.9 5.0% | 229.9 5.0% | 234.8 5.0% | 104.0 2.1% | 228.0 4.7% |

STATE OF IOWA
APPROPRIABLE REVENUES
(\$ in Millions)

| | Actual 2000 | Actual 2001 | Estimated 2002 |
|------------------------------|------------------------|------------------------|---------------------------|
| Personal Income Tax | 2,375.9 | 2,426.6 | 2,560.2 |
| Sales Tax | 1,416.6 | 1,441.7 | 1,512.9 |
| Use Tax | 246.8 | 249.4 | 259.1 |
| Corporation Income Tax | 326.1 | 284.8 | 275.7 |
| Inheritance Tax | 114.8 | 104.6 | 111.9 |
| Insurance Premium Tax | 120.2 | 126.6 | 132.9 |
| Cigarette Tax | 91.0 | 89.6 | 87.2 |
| Tobacco Tax | 6.6 | 6.7 | 6.6 |
| Beer Tax | 13.6 | 13.6 | 13.7 |
| Franchise Tax | 31.8 | 31.2 | 32.1 |
| Miscellaneous Taxes | 1.3 | 1.3 | 1.3 |
| Total Special Taxes | 4,744.7 | 4,776.1 | 4,993.6 |
| Institutional Reimbursements | 49.1 | 47.2 | 48.9 |
| Liquor Transfers | | | |
| Profits | 36.0 | 37.5 | 37.0 |
| 7% Gross Revenue | 9.0 | 9.0 | 9.0 |
| Interest | 26.0 | 18.2 | 40.1 |
| Fees | 66.3 | 72.5 | 70.6 |
| Judicial Revenue | 52.3 | 48.8 | 51.6 |
| Miscellaneous Revenues | 52.9 | 45.2 | 36.3 |
| Racing and Gaming Revenues | 60.0 | 60.0 | 60.0 |
| Total Receipts | 5,096.3 | 5,114.5 | 5,347.1 |

STATE OF IOWA
GENERAL FUND REVENUE
PROPOSED REVENUE ADJUSTMENTS
(\$ in Millions)

| | Legislative Action 2002 | 2003 |
|----------------------------------------------|-------------------------------|---------------|
| Proposed Revenue Adjustments: | | |
| Residential Heating Sales Tax Reduction | | (36.9) |
| Gaming Revenues Diverted From Infrastructure | | |
| Interest From Reserve Funds | 31.1 | |
| Underground Storage Tank Funds | | |
| Groundwater Fund Transfer | 7.0 | |
| Accelerated Tax Gap Project | 9.4 | |
| ACE Capped at Present Level | 3.0 | |
| Corrections: | | |
| Federal Prisoners Reimbursement | 2.6 | |
| Federal Detainees | | |
| Waste Tire Fund | 3.0 | 3.0 |
| Fines and Fees: | | |
| Scheduled Fines | 1.6 | 2.0 |
| Drug Surcharge | 1.2 | 1.2 |
| Gaming Fees Enforcement | | |
| Gaming Fees Enforcement | 0.1 | |
| Fire Marshall | | |
| Real Estate Transfer Tax to Housing Program | 0.6 | |
| Commerce - Fees and Reimbursements | | |
| Commerce - Salary Adjustment Reimbursements | 0.7 | |
| Hospital Licensing Reimbursement | | |
| Dental Assistant Licensing | (0.1) | |
| Drug Abuse Surcharge | 0.1 | |
| Internal Revenue Code Update | (1.0) | |
| Public Health Fees | (0.1) | |
| Factory Built Homes | 0.1 | |
| Unclaimed Property | (0.1) | |
| Excursion Boats | 0.1 | |
| Inheritance Tax Threshold | (0.1) | |
| Federal Tax Law Changes | | 19.1 |
| Interest Reduction for Mental Health | (1.0) | |
| Total Other Revenue Adjustments | 58.2 | (11.6) |

PROPOSED TRANSFER ADJUSTMENTS
(\$ in Millions)

| | Legislative Action 2002 |
|----------------------------------------|-------------------------------|
| Proposed Revenue Adjustments: | |
| Lottery Proceeds | |
| Use Tax Transfer | |
| Workforce Development Fund | 4.0 |
| Student Aid | 0.3 |
| Prison Infrastructure Fund | 6.1 |
| Total Other Revenue Adjustments | 10.4 |

STATE OF IOWA
GENERAL FUND ACCRUED REVENUE CHANGES
(\$ in Millions)

| | Actual 1999 | Actual 2000 | Estimated 2001 | Estimated 2002 | Legislative Action 2002 |
|-------------------------------|------------------------|------------------------|---------------------------|---------------------------|----------------------------------------|
| Personal Income Tax | 121.7 | 148.1 | 157.5 | 167.0 | 167.0 |
| Sales Tax | 82.1 | 93.0 | 100.6 | 104.9 | 104.9 |
| Inheritance Tax | 15.3 | 16.9 | 17.0 | 17.1 | 17.1 |
| Corporate Income Tax | 25.9 | 30.9 | 43.0 | 32.1 | 32.1 |
| Use Tax | 36.8 | 38.2 | 39.9 | 41.5 | 41.5 |
| County Treasurers | 10.3 | 10.2 | 10.2 | 10.6 | 10.6 |
| Third Party Reimbursements | 2.6 | 3.1 | 3.2 | 3.3 | 3.3 |
| Court Fines | 6.2 | 5.9 | 6.3 | 6.5 | 6.5 |
| Franchise Tax | 2.3 | 2.4 | 2.5 | 2.5 | 2.5 |
| Interest | 5.3 | 4.1 | 4.2 | 4.2 | 4.2 |
| Beer Tax | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 |
| Tobacco Tax | 0.7 | 0.5 | 0.6 | 0.6 | 0.6 |
| Other: | | | | | |
| Fee Revenues | 7.3 | 7.9 | 8.1 | 7.8 | 7.8 |
| Miscellaneous Revenues | 7.3 | 13.1 | 8.7 | 8.7 | 8.7 |
| TOTAL | 325.1 | 375.7 | 403.2 | 408.2 | 408.2 |
| Change From Prior Year | | 50.6 | 27.5 | 5.0 | 5.0 |

STATE OF IOWA
GENERAL FUND REVENUE TRANSFERS
(\$ in Millions)

| | Actual 2000 | Estimated 2001 | Estimated 2002 | Legislative Action 2002 |
|--------------------------------------------|------------------------|---------------------------|---------------------------|----------------------------------------|
| Regular Annual Transfers: | | | | |
| Tobacco Settlement Funds Transfer | | 64.6 | | |
| Lottery Proceeds | 35.8 | 34.3 | 32.5 | 32.50 |
| Indirect Costs | 2.4 | 3.0 | 3.0 | 3.0 |
| Prison Infrastructure Fund | 2.2 | 1.7 | 0.8 | 0.8 |
| Enhanced Court Collections | | 4.0 | | |
| Highway Patrol Fund | 1.0 | | | |
| Marine Fuel Tax | 0.4 | 0.4 | 0.4 | 0.4 |
| Information Technology | 0.4 | | | |
| Innovations Fund | 0.3 | | | |
| Miscellaneous | 1.5 | 1.0 | 1.0 | 1.0 |
| Total Transfers to the General Fund | 44.0 | 109.0 | 37.7 | 37.7 |

STATE OF IOWA
GENERAL FUND REFUNDS OF TAXES PAID
(\$ in Millions)

| <u>General Fund Tax Refunds</u> | Actual 2000 | Estimated 2001 | Estimated 2002 | Legislative Action 2002 |
|----------------------------------------|------------------------|---------------------------|---------------------------|----------------------------------------|
| Personal Income Tax | -379.4 | -406.7 | -419.1 | -419.1 |
| Corporate Income Tax | -92.5 | -96.4 | -94.9 | -94.9 |
| Sales Tax | -42.2 | -43.8 | -43.8 | -43.8 |
| Use Tax | -7.4 | -7.8 | -7.8 | -7.8 |
| Franchise Tax | -2.2 | -2.2 | -2.2 | -2.2 |
| Cigarette Tax | -.7 | -.7 | -.7 | -.7 |
| Inheritance Tax | -1.2 | -1.2 | -1.2 | -1.2 |
| Other | -1.5 | -1.5 | -1.5 | -1.5 |
| Total Gross Refunds | (527.1) | (560.3) | (571.2) | (571.2) |
| Less Reimbursements | 6.9 | 6.2 | 6.2 | 6.2 |
| Total Net Refunds | (520.2) | (554.1) | (565.0) | (565.0) |

STATE OF IOWA
CALCULATION OF CASH RESERVE PERCENTAGE GOAL
(\$ In Millions)

| <u>Fiscal Year 2001</u> | <u>Current Revenue</u> | <u>New Revenue</u> | <u>Total Revenue</u> |
|---------------------------------------------------------------|----------------------------|------------------------|--------------------------|
| Revenue Estimating Conference Estimate | 5,114.5 | | 5,114.5 |
| Proposed Revenue Adjustments | 1.0 | .0 | 1.0 |
| Accrued Revenue Changes | 27.5 | | 27.5 |
| Transfers | 42.6 | 64.6 | 107.2 |
| Refunds of Taxes Paid (Net) | <u>(554.1)</u> | <u> </u> | <u>(554.1)</u> |
| Total | 4,631.5 | 64.6 | 4,696.1 |
| Cash Reserve Percentage Goal Fiscal Year 2001 Five Percent | | | 234.8 |

STATE OF IOWA
CALCULATION OF STATUTORY EXPENDITURE LIMIT
AND
CALCULATION OF CASH RESERVE PERCENTAGE GOAL
(\$ In Millions)

| <u>Fiscal Year 2002</u> | <u>Governors Budget</u> | | | <u>Governors Budget</u> | | |
|------------------------------------------------------------------------|----------------------------|------------------------|--------------------------|----------------------------|------------------------|--------------------------|
| | <u>Current Revenue</u> | <u>New Revenue</u> | <u>Total Revenue</u> | <u>Current Revenue</u> | <u>New Revenue</u> | <u>Total Revenue</u> |
| Revenue Estimating Conference Estimate | 5,347.1 | | 5,347.1 | 5,347.1 | | 5,347.1 |
| Proposed Revenue Adjustments | 91.8 | 10.3 | 102.1 | 0.0 | 0.0 | 0.0 |
| Accrued Revenue Changes | 5.0 | | 5.0 | 5.0 | | 5.0 |
| Transfers | 37.7 | | 37.7 | 37.7 | | 37.7 |
| Proposed Transfer Adjustments | (10.9) | 0.0 | (10.9) | 10.4 | | 10.4 |
| Refunds of Taxes Paid (Net) | <u>(565.0)</u> | <u> </u> | <u>(565.0)</u> | <u>(565.0)</u> | <u> </u> | <u>(565.0)</u> |
| Total | 4,905.7 | 10.3 | 4,916.0 | 4,835.2 | 0.0 | 4,835.2 |
| Cash Reserve Percentage Goal Fiscal Year 2002 Five Percent | | | 245.8 | | | 241.8 |
| Total | 4,905.7 | 10.3 | 4,916.0 | 4,835.2 | 0.0 | 4,835.2 |
| Applicable Limit Percentage | 99% | 95% | | 99% | 95% | |
| Dollar Amount of Limit By Percentage | <u>4,856.6</u> | <u>9.8</u> | | <u>4,786.8</u> | <u>0.0</u> | |
| Portion of Expenditure Limit Calculated by Percentages | | | 4,866.4 | | | 4,786.8 |
| Add Transfer of Excess of Economic Emergency Fund Over Five Percent | | | 120.0 | | | 0.0 |
| Total Statutory Expenditure Limit | | | <u>4,986.4</u> | | | <u>4,786.8</u> |

REVENUE ESTIMATE - NON-GROWTH RELATED ITEMS

| Item | Bill | Amount (in millions) |
|--------------------------------------|---------|-------------------------|
| Reserve Fund Interest Earnings | HF 735 | \$31.1 |
| Federal Tax Law Changes | HR 1836 | \$19.0 |
| Workforce Development Fund | HF 718 | \$4.0 |
| Local Option Sales Tax Timing Issues | | \$5.0 |
| ACE Capped | HF 755 | \$3.0 |
| Groundwater Fund Transfer | HF 755 | \$7.0 |
| Fines and Fees Changes | Various | \$3.7 |
| Accelerated Tax Gap Project | | \$9.4 |
| Total | | \$82.2 |

REC Estimate: \$5,402.2

Percent non-growth related: 1.5%

Iowa General Fund Revenue Growth

