



**LEGISLATIVE  
SERVICES AGENCY**

*Serving the Iowa Legislature*

# *Fiscal Facts*

## *2012*

**IOWA**  
**Legislative Services Agency**  
**Fiscal Services Division**  
**June 2012**

To: Members of the Iowa General Assembly

From: Holly M. Lyons, Division Director  
Fiscal Services Division

Re: Fiscal Facts

Date: June 2012

Fiscal Facts contains data relating to overall revenues and expenditures of State government, as well as information regarding the most pertinent and discussed topic areas. Additional detailed data and information are available from the Fiscal Services Division of the Legislative Services Agency.

The FY 2012 data are estimates since the document is being issued prior to the close of FY 2012. The data provided for FY 2013 represents action taken by the 2012 General Assembly, and does not reflect veto action by the Governor.

If you would like further information regarding any of the data provided within Fiscal Facts or have any comments and suggestions regarding this document, please do not hesitate to contact me at 515-281-5279 or [holly.lyons@legis.state.ia.us](mailto:holly.lyons@legis.state.ia.us)

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**STATE OF IOWA  
GENERAL FUND BALANCE  
(\$ in millions)**

	Actual FY 2011	Estimated FY 2012	Legislative Action FY 2013*
<b><i>Funds Available:</i></b>			
Net Receipts**	\$ 5,899.0	\$ 6,000.3	\$ 6,251.6
Est. Adj. (Mar. REC)		50.9	29.0
Legislative Action Rev. Adj.		1.9	-30.4
Econ. Emerg. Fund Transfer		381.4	292.3
<b><i>Total Funds Available</i></b>	<b><u>5,899.0</u></b>	<b><u>6,434.5</u></b>	<b><u>6,542.5</u></b>
<b><i>Est. Appropriations:</i></b>			
General Fund	5,351.9	6,007.5	6,222.6
Net Supplementals		17.5	
Supreme Court Decision		-15.9	
Governor's Item Veto		1.0	
Reversions	- 7.5	- 3.0	- 2.0
<b><i>Net Appropriations</i></b>	<b><u>5,344.4</u></b>	<b><u>6,007.1</u></b>	<b><u>6,220.6</u></b>
<b><i>Ending Balance</i></b>	<b><u>\$ 554.6</u></b>	<b><u>\$ 427.4</u></b>	<b><u>\$ 321.9</u></b>

\* Prior to action by the Governor.

\*\*Net receipts = Gross receipts plus transfers and accruals less school infrastructure refunds and tax refunds.

REC = Revenue Estimating Conference

## Estimated Contingent Liabilities for State Tax Credits (Dollars in Millions)

The FY 2011 and FY 2012 revenue estimate includes contingent liabilities in the form of tax credits. The table below outlines the projected tax credits that may be redeemed in FY 2012 and FY 2013.

<b>Legislation or Tax Credit Program</b>	<b>FY 2012</b>	<b>FY 2013</b>
Accelerated Career Education Tax Credit*	\$ 3.6	\$ 3.6
Agricultural Assets Transfer Tax Credit*	3.1	3.2
Biodiesel Blended Fuel Tax Credit	6.6	7.4
Charitable Conservation Contribution Tax Credit	0.6	0.9
Child and Dependent Care Tax Credit	6.9	7.4
E85 Gasoline Promotion Tax Credit	1.8	1.7
Early Childhood Development Tax Credit	0.5	0.5
Earned Income Tax Credit	28.0	27.8
Endow Iowa Tax Credit*	3.0	3.6
Enterprise Zone Program Housing Investment Tax Credit*	10.7	6.7
Enterprise Zone Program Investment Tax Credit*	10.1	11.3
Ethanol Blended Gasoline Tax Credit	0.0	0.0
Ethanol Promotion Tax Credit	5.7	4.8
Film, Television, and Video Project Promotion Program*	4.0	1.1
Film, Television, and Video Project Promotion Program - Under Review	1.9	3.5
High Quality Jobs Program*	17.8	18.2
Historic Preservation and Cultural and Entertainment District Tax Cred	33.8	34.2
Iowa New Job Income Tax Credits (260E)	53.4	51.3
New Capital and Income Program Investment Tax Credit	0.3	0.3
New Jobs and Income Program Investment Tax Credit	14.1	6.4
Redevelopment Tax Credit*	0.6	0.2
Renewable Energy Tax Credit*	2.9	7.4
Research Activities Tax Credit	28.0	37.0
Research Activities Tax Credit - Supplemental	23.4	20.1
School Tuition Organization Tax Credit*	7.4	8.3
Targeted Jobs Tax Credit from Withholding	3.2	6.0
Tuition and Textbook Tax Credit	16.0	16.2
Venture Capital Tax Credit - Iowa Fund of Funds*	0.0	0.0
Venture Capital Tax Credit - Qualified Business or Community-Based Seed Capital Fund*	1.2	1.1
Venture Capital Tax Credit - Venture Capital Funds*	0.3	0.3
Wage-Benefits Tax Credit*	4.2	1.3
Wind Energy Production Tax Credit*	0.8	1.5
<b>Tax Credit Program Total</b>	<b>\$ 293.9</b>	<b>\$ 293.3</b>

Estimated change from Previous Fiscal Year \$ 40.9 \$ -0.4

Note: Estimates are based on information provided by the Department of Revenue prior to the March 2012 Revenue Estimating Conference.

\*Indicates that programs have credit cap amount.

**THE YEAR IN REVIEW****FY 2011**

In September 2010, the National Bureau of Economic Research announced the recession had ended in June 2009 and lasted 18 months. General Fund revenue began to show signs of improvement in the last quarter of FY 2010, and continued to improve throughout FY 2011. Net General Fund revenue for FY 2011, excluding transfers, totaled \$5,813.4 million, an increase of \$320.7 million (5.8%) compared to FY 2010. The total FY 2011 net General Fund revenues were \$45.5 million more than projected by the March 2011 Revenue Estimating Conference (REC). After applying the year-end adjustments to standing appropriations and factoring in reversions, FY 2011 ended with a General Fund surplus of \$554.6 million. The surplus was appropriated to the Cash Reserve Fund, with \$449.2 million transferred to the Economic Emergency Fund, and since the reserve funds were at the maximum balance of 10.0% of the adjusted revenue estimate, \$381.4 million was transferred back to the General Fund for expenditure in FY 2012.

**FY 2012**

The FY 2012 budget enacted by the General Assembly was based on a revenue estimate of \$6.280 billion. This included a March 2011 revenue estimate of \$6.189 billion and net revenue adjustments enacted during the 2011 Legislative Session (after item vetoes) of \$-196.5 million, and an estimated transfer of \$287.5 million from the Economic Emergency Fund. The General Assembly appropriated a total of \$6.000 billion from the General Fund for FY 2012, an increase of \$648.0 million (12.1%) compared to FY 2011.

The REC met in December 2011 and increased the FY 2012 net General Fund revenue estimate by \$144.7 million (2.4%) compared to the estimate used to balance the FY 2012 budget. The REC met again in March 2012 and increased the net General Fund revenue estimate for FY 2012 by an additional \$50.9 million (0.8%) compared to the December estimate.



## THE YEAR IN REVIEW (Continued)

The FY 2012 General Fund budget, revised by the 2012 General Assembly, was based on total available revenues of \$6.435 billion. This included a March 2012 revenue estimate of \$6.051 billion, net revenue adjustments enacted during the 2012 Legislative Session of \$1.9 million, and a transfer of \$381.4 million from the Economic Emergency Fund.

During the 2012 Legislative Session, General Fund appropriations were adjusted by a total of \$10.1 million. This included an increase of \$7.5 million to cover projected State Appeal Board claims and \$2.6 million in other adjustments. After adjusting for estimated reversions of \$3.0 million, the revised General Fund surplus for FY 2012 is projected at \$427.4 million.

On March 16, 2012, the Iowa Supreme Court ruling in *Homan et. al. v. Branstad* nullified \$15.9 million in FY 2012 General Fund appropriations to the Department of Workforce Development. The General Assembly enacted supplemental bills that reinstated the \$15.9 million, and provided net supplemental appropriations of \$1.6 million. Included in the net supplemental appropriations was an additional \$7.5 million to the Department of Corrections and a deappropriation of \$6.5 million from Medicaid. In addition, the Governor item vetoed a \$1.0 million deappropriation, that resulted in increasing appropriations by a like amount.

According to a Spring 2012 report released by the National Conference of State Legislatures state fiscal conditions continue to improve at a slow and steady pace. In most states, revenue performance remains positive and expenditures are stable. Twelve states and the District of Columbia reported that personal income tax collections exceeded the latest estimate. Sixteen states, including Iowa, experienced on target collections, while 14 states reported underperforming collections, but in many of these states the revenues were underperforming only slightly. Iowa was one of 15 states (Arkansas, Connecticut, Hawaii, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Nebraska, New York, North Carolina, Oregon, Texas, Virginia, and Wisconsin) to expect a return to peak revenue collections (FY 2008 levels) by the end of FY 2012. Five states are expected to return to peak in FY 2013 (Minnesota, Montana, Ohio, Pennsylvania, Tennessee, and Vermont).

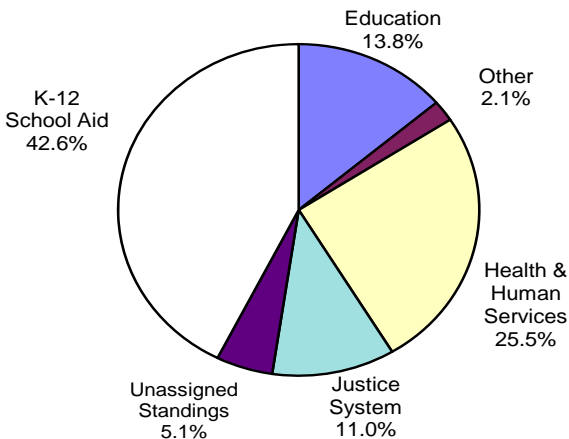
**THE YEAR IN REVIEW (Continued)****FY 2013**

The December 2011 REC estimate for FY 2013 reflected 4.2% growth and the March 2012 REC increased that projection by \$29.0 million for net receipts (after refunds, accruals, and transfers). Iowa's economy is in recovery, and as of April 2012, revenues have reached the prerecession revenue peaks which occurred in March 2008. Economic indicators continue to show recovery and Iowa has been slowly adding jobs. Net General Fund revenue has increased for eight of the last 13 months and the economic outlook is cautiously optimistic.

As part of the partial biennial budget plan enacted during the 2011 Legislative Session, the 2011 General Assembly appropriated \$5.156 billion from the General Fund for FY 2013. This was approximately 86.0% of the amount appropriated for FY 2012. Most of the state agencies' operating appropriations were funded at 50.0% of the FY 2012 level. However, several standing appropriations received appropriations at 100.0% of the FY 2012 level, while others received increases. Funding for schools was increased by \$89.1 million (3.4%) and included a 2.0% allowable growth rate. The \$5.156 billion in appropriations were later adjusted downward by \$61.9 million to reflect a revised school aid estimate and changes relating to the Supreme Court ruling in *Homan et. al. v. Branstad*.

The 2012 General Assembly enacted additional appropriations of \$1.128 billion for FY 2013, resulting in total General Fund appropriations of \$6.223 billion. This represents an increase of \$212.5 million (3.5%) compared to estimated net FY 2012 appropriations. Negative revenue adjustments of \$30.4 million were enacted, and \$292.3 million was transferred from the Economic Emergency Fund since the reserve funds are projected to reach their statutory maximum in FY 2013. Prior to any item vetoes by the Governor, the projected General Fund ending balance is \$321.9 million. At the end of FY 2013, the reserve funds are estimated to be at the maximum statutory limit of \$622.1 million, and the Taxpayer Trust Fund is projected to have a balance of \$60.0 million.

**DISTRIBUTION OF ESTIMATED FY 2013  
STATE GENERAL FUND APPROPRIATIONS  
(\$ in millions)**



<u>Subcommittee</u>	<u>Est. FY 2013 Appropriation</u>	<u>Percent of Total</u>
Admin. & Regulation	\$ 54.1	0.9%
Ag. & Natural Resources	35.4	0.6%
Economic Development	37.7	0.6%
K-12 Education - School Aid	2,649.2	42.6%
Education	859.0	13.8%
Health & Human Services	1,586.5	25.5%
Justice System	684.9	11.0%
Unassigned Standings	315.8	5.1%
<b>Total</b>	<b>\$ 6,222.6</b>	<b>100.0%</b>

Note:

"Other" includes Administration and Regulation, Agriculture and Natural Resources, and Economic Development.

**FY 2012 DEPARTMENT OF WORKFORCE  
DEVELOPMENT APPROPRIATIONS AND THE  
MARCH 2012 SUPREME COURT RULING****Background**

[Senate File 517](#) (FY 2012 Economic Development Appropriations Act) was item vetoed and signed by the Governor on July 27, 2011. Governor Branstad [line item vetoed](#) the following sections:

- Section 15.3(c) and 61.3(c) requiring the Department of Workforce Development (IWD) to maintain the same number of field offices for FY 2012 and FY 2013 that were in operation on January 1, 2009. The Governor stated the language would prohibit the IWD from putting forth an enhanced delivery system.
- Sections 15.5 and 61.5 specifying the definitions of “Field Office” and “Workforce Development Center” for FY 2012 and FY 2013. The Governor stated the definitions would prevent growth and progress in serving Iowans.
- Sections 20 and 66 prohibiting the IWD from using any of the money appropriated for the National Career Readiness Certificate (NCRC) Program in FY 2012 and FY 2013. The Governor stated he could not agree to deny the IWD the potential use of this Program.
- Section 26 transferring and appropriating \$3.3 million of unobligated funds in the Save Our Small Business Fund to the IWD to be used for Field Offices in FY 2012. The Governor stated this one-time funding source did not create a sustainable operating environment and instead moved the funding problem into the future.<sup>1</sup>

Between August and October of 2011, 36 IWD Satellite Field Offices across the state were closed.

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<sup>1</sup>The District Court’s summary judgment ruling and the Iowa Supreme Court’s appellate ruling did not address the Governor’s veto of this provision.

**FY 2012 DEPARTMENT OF WORKFORCE  
DEVELOPMENT APPROPRIATIONS AND THE  
MARCH 2012 SUPREME COURT RULING  
(Continued)**

### **Lawsuit**

On August 24, 2011, Danny Homan,<sup>2</sup> Senator William A. Dotzler Jr., Representative Bruce Hunter, Representative David Jacoby, and Representative Kirsten Running-Marquardt<sup>3</sup> filed a lawsuit against Governor Branstad in the Iowa District Court for Polk County challenging the constitutionality of the item vetoes.

The District Court ruling in the case was issued December 8, 2011. The Court determined that the item vetoes of sections 15.3(c) and 15.5 of the Act were unconstitutional and that those portions of [SF 517](#) should become law.

The case was subsequently appealed and counter-appealed to the Iowa Supreme Court.

### **Supreme Court Ruling**

In the [Opinion](#) filed on March 16, 2012, the Supreme Court ruled that since Section 20 explicitly restricts the use of all funds appropriated to the IWD, it could not be vetoed without vetoing all of the associated appropriations.

Therefore, the Court ruled that Sections 15, 17, 18, 19, and 20 of Division I, and Sections 61, 63, 64, 65, and 66 of Division IV of SF 517 did not become law. The ruling declared the appropriations for the IWD for FY 2012 and FY 2013 to be invalid, but left all other provisions of the Act affirmatively approved by the Governor in place. The General Fund appropriations invalidated totaled \$15.9 million in FY 2012 and \$7.9 million in FY 2013 as well as 235.1 FTE positions in each fiscal year. Other fund appropriations invalidated totaled \$5.5 million in FY 2012 and \$1.8 million in FY 2013.

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<sup>2</sup> President of the Iowa Chapter of American, Federal, State, County, and Municipal Employees (AFSCME)

<sup>3</sup> Senator Daryl Beall was later added as a plaintiff.

**FY 2012 DEPARTMENT OF WORKFORCE  
DEVELOPMENT APPROPRIATIONS AND THE  
SUPREME COURT RULING  
(Continued)**

[Senate File 2324](#) was approved by the General Assembly on March 29, 2012, and signed by the Governor on April 4, 2012. This Act appropriated a total of \$15.9 million from the General Fund and authorized 235.1 FTE positions as well as appropriating \$5.5 million from other funds for FY 2012. The Act required the IWD to maintain all Workforce Development Centers and Satellite Offices that were open and operational on November 1, 2011, for the remainder of the fiscal year. Additionally, the allocation of the General Fund appropriation was adjusted to provide funding for Satellite Offices in Decorah, Fort Madison, Iowa City, and Webster City rather than all field offices. The enactment preceded the deadline of April 6, 2012, for the case to be remanded and the judgment entered.

[House File 2337](#) appropriated a total of \$16.7 million from the General Fund to the IWD and authorized 236.1 FTE positions for FY 2013. The Act also appropriated \$2.3 million from other funds to IWD for FY 2013.

## FEDERAL BUDGET CONTROL ACT OF 2011

The federal Budget Control Act (BCA) of 2011 was signed into law on August 2, 2011, and is designed to provide for an increase in the federal debt limit while reducing long-term budget deficits. The Act includes automatic procedures, known as sequestration, to reduce the deficit by up to \$1.2 trillion over 10 years via across-the-board (ATB) spending reductions to discretionary and certain mandatory (entitlement) federal programs in the event deficit reduction legislation was not enacted by January 15, 2012. This deadline was not met and, thus, sequestration is scheduled to commence in January 2013.

Of the \$1.2 trillion reduction, approximately half is to come from defense spending and half is to come from nondefense, nonexempt discretionary and mandatory programs. As articulated in the BCA of 2011, FFY 2013 spending reductions are to be made through automatic ATB cuts and FFY 2014 through FFY 2021 spending reductions are to be determined through the regular appropriations process.

As of May 9, 2012, the President and Congress have not come to an agreement on the future of the planned sequestration. The President's FFY 2013 budget proposal includes tax and spending policies that would eliminate the sequester. The U.S. House of Representatives budget resolution proposes to eliminate the sequester on discretionary programs through lower spending caps and reconciliation. And the U.S. Senate proposes to adhere to the sequestration process outlined in the BCA of 2011. An agreement is not likely prior to the November 2012 elections.

According to information provided by the National Conference of State Legislatures, states have experienced an average reduction in federal discretionary funding of 2.7% in FY 2012 and expect reductions of an additional 8.0-9.0% in discretionary and mandatory programs in FY 2013 under the BCA of 2011. These reductions will occur mainly in the areas of education, energy, environment, criminal justice, labor, community development, and human services.

**FEDERAL BUDGET CONTROL ACT OF 2011  
(Continued)**

There are a number of federal programs that are exempt from the ATB reductions including Medicaid, the Temporary Assistance for Needy Families block grant, the Supplemental Nutrition Assistance Program, and other programs designed mainly to serve low-income populations.

According to information provided by Federal Funds Information for States, it is estimated that Iowa's non-defense federal funds will be reduced by \$28.7 million in FFY 2012 and an additional \$72.5 million in FFY 2013 based on an 8.8% reduction in federal funds as calculated by the National Governor's Association. The exact percentage that will be used and that each program will be reduced by is unknown and will be determined by the Office of Management and Budget using the enacted FY 2013 appropriations and baseline projections in effect in January 2013.



## EDUCATION REFORM

[Senate File 2284](#) provides broad reforms to the Iowa public education system. The General Assembly approved [SF 2284](#) on May 9, 2012. The following summary describes each provision of the Bill and includes a table of the estimated General Fund fiscal impact.

### **Division I – Competency-Based Instruction**

This Division permits high school credit to be awarded to students that demonstrate competency in the subject areas required to be offered by accredited schools under the State's educational standards, and allows students to receive credit on a performance basis through the administration of an assessment.

### **Division II – Assessment of Student Progress on Core Academic Indicators**

This Division directs the State Board of Education to specify the approved district-wide assessments measuring student progress on core academic indicators in any rule adopted by the State Board associated with the core academic indicators.

### **Division III – Teacher and Administrator Matters**

This Division relates to teacher reviews, professional development, and administrator evaluations. The Division creates three new task forces: Statewide Educator Evaluation System Task Force, Iowa Teaching Standards and Criteria Review Task Force, and Teacher Performance, Compensation, and Career Development Task Force.

## EDUCATION REFORM (Continued)

### Division IV – Online Learning

This Division requires the Department to develop and establish an online learning program model.

- Specifies that not more than 0.18% of students statewide and not more than 1.0% of a sending district's enrollment can be enrolled in courses where the content is delivered primarily over the internet.
- Establishes an online learning program model and an Iowa learning online initiative within the Department to provide distance education to high school students statewide.

### Division V – Board of Educational Examiners Provisions

This Division requires the Governor to appoint the executive director of the Board of Educational Examiners subject to confirmation by the Senate. Also, the Division increases the length of the student teaching experience from 12 to 14 weeks.

### Division VI – School Administration Manager

This Division permits the authorization of individuals that successfully complete a training program and meet Board of Educational Examiners standards to assist school principals in performing noninstructional duties.

### Division VII – State Board of Regents Provisions

This Division directs the State Board of Regents to develop a program for implementing continuous improvement methodologies in every undergraduate course offered by the Regents universities. The Division also permits the State Board of Regents to establish programs designed to increase college readiness and college awareness for potential first-generation college students and underrepresented populations.

## EDUCATION REFORM (Continued)

### **Division VIII – National Board for Professional Teaching Standards Awards**

This Division eliminates the end dates for the National Board for Professional Teaching Standards certification one-time fee reimbursement awards and the annual awards. The eligibility for the annual award is 10 years or for the years the individual maintains a valid certificate and remains employed as a public school teacher in Iowa, whichever time period is shorter.

### **Division IX – Early Childhood Literacy**

This Division requires the State Board of Education to adopt, by rule, guidelines for school district implementation of basic levels of reading proficiency based on approved assessments and identification of tools to evaluate any student that may be determined deficient in reading.

### **Iowa Reading Research Center**

- This subsection requires the director of the Department of Education to establish an Iowa reading research center for the application of current research literacy, subject to an appropriation by the General Assembly. The General Assembly appropriated \$2.0 million in HF 2465 (Standing Appropriations Act) for the Iowa Reading Research Center.

### **Assessments**

- This subsection directs school districts to administer a kindergarten readiness assessment prescribed by the Department to every resident pre-kindergarten or four-year-old child enrolled in the district. This subsection is repealed on July 1, 2013. Also directs school districts to administer the Iowa assessments, created by the University of Iowa, to all students in tenth grade.

## EDUCATION REFORM (Continued)

### **Student Progression, Remedial Instruction, Reporting Requirements, Promotion**

- Subject to an appropriation by the General Assembly for the successful progression of early readers subsection, school districts must establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each student in kindergarten through third grade assessed as exhibiting a substantial deficiency in reading. Also, subject to an appropriation by the General Assembly, each school district must provide professional development services to enhance the skills of elementary teachers in responding to a child's unique reading issues and needs.

### **Cross-Agency Assessment Instrument Planning Group**

- This subsection establishes a Cross-Agency Assessment Instrument Planning Group to study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of kindergarten assessments. The instrument must align with agreed-upon state and national curriculum standards.

### **Division X – School Instructional Time Task Force**

This Division requires the director of the Department of Education to appoint members to a school instructional time task force.

### **Division XI – Class Sharing Agreements**

This Division expands school aid supplementary weighting to allow full-year Project Lead the Way courses to be eligible for school aid formula supplementary weighting.

## EDUCATION REFORM (Continued)

### **Division XII – Practitioner Preparation Program Assessments**

This Division requires institutions with approved practitioner preparation programs to administer a preprofessional skills test to admission candidates. Institutions must also administer, prior to a student's completion of the program, subject assessments, designed by a nationally recognized testing service, that measure pedagogy and knowledge of at least one subject area, or a valid and reliable subject area specific, performance-based assessment for preservice teacher candidates, centered on student learning.

### **Division XIII – Kindergarten Requirement**

This Division requires that a student enrolled in a school district and that is age five by September 15 be considered of compulsory attendance age.

### **Division XIV – State Mandate**

Requires any additional costs resulting from this Bill to local school districts to be paid through funds from State aid generated from the school aid formula.

### **Total General Fund Impact**

The estimated General Fund cost of [Senate File 2284](#) will be approximately \$4.4 million in FY 2013, \$5.7 million in FY 2014, and \$6.0 million in FY 2015. The General Assembly appropriated \$2.0 million in HF 2465 (Standings Appropriations Act) for the Iowa Reading Research Center. An estimated fiscal analysis of each Division and provision of the Bill is presented in the following table.

## EDUCATION REFORM (Continued)

Div.	Reform Proposal	FY 2013	FY 2014	FY 2015	Mandate
I	Competency-Based Education Task Force	\$ 100,000	\$ 0	\$ 0	\$ 0
II	Assessment of Student Progress on Core Academic Indicators	0	0	0	0
III	36 Additional Hours of Practitioner Collaboration per school year	0	0	0	0
III	Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	Unknown
III	Annual Evaluation for Administrators	0	0	0	Unknown
III	Statewide Educator Evaluation System Task Force	50,000	0	0	0
III	Iowa Teaching Standards and Criteria Review Task Force	50,000	0	0	0
III	Teacher Perf., Compensation, and Career Dev. Task Force	50,000	0	0	0
IV	Develop and establish an online learning program model	1,500,000	1,500,000	1,500,000	0
IV	Annual Survey of Online Courses	0	0	0	0
IV	Iowa Learning online initiative	100,000	100,000	100,000	0
IV	Online Learning Interim Study	0	0	0	0
V	Governor Appointed BOEE Director	0	0	0	0
V	Student Teaching to 14 weeks	0	0	0	0
VI	Rules for School Administrator Manager (SAM) Program	0	0	0	0
VII	Regents continuous improvement methodologies	60,000	94,000	214,000	0
VII	College readiness and awareness programs	0	0	0	0
VIII	National Board for Professional Teaching Standards Awards	140,000	245,000	375,000	0
IX	Establish Literacy Program by Rule	0	0	0	0
IX	Iowa Reading Research Center	2,000,000	2,000,000	2,000,000	0
IX	Kindergarten Readiness Measures	0	0	0	360,000 <sup>3</sup>
IX	Iowa Assessments for 10th graders in 2012 and 2013	0	0	0	0 <sup>4</sup>
IX	Early Childhood Literacy	0	0	0	Unknown <sup>5</sup>
IX	Cross-Agency Assessment Instrument Planning Group	0	0	0	0
X	School Instructional Time Task Force	50,000	0	0	0
XI	Class Sharing Agreements	0	1,500,000	1,600,000	0
XII	Practitioner Preparation Program Assessments	0	0	0	0
XIII	Kindergarten Attendance Requirement	0	0	0	0
<b>Total Decrease in General Fund and Local Mandate</b>		<b>\$ 4,350,000</b>	<b>\$ 5,689,000</b>	<b>\$ 6,039,000</b>	<b>\$ 360,000</b>

## Notes:

- The estimated cost for this provision is associated with the online curriculum review done by the Department.
- Costs will be based on the amount of funding appropriated by the General Assembly. The Department of Education estimated the cost of the Center to be \$2.0 million. HF 2465 Appropriated \$2.0 million for the Center.
- The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).
- The Department has indicated that 94.0% of tenth graders are currently being assessed. Requiring all tenth graders to take the Iowa assessment will have a minimal fiscal impact.
- Proposal is estimated to have a cost to school districts. The costs will depend on the intensive instructional services and supports school districts choose to implement for the progression of early readers. Additionally, language specifies that if funds are appropriated for the purposes of implementing the "Successful Progression for Early Readers" subsection, school districts will be required to implement the provisions of that subsection.
- Statewide local property taxes will increase by an estimated \$200,000.

Estimates as of May 14, 2012. Final Action of Legislature.

## EDUCATION REFORM (Continued)

### Required Reports

[Senate File 2284](#) requires the following reports to be submitted to the General Assembly:

- Competency-Based Instruction
  - ◆ Preliminary report due January 15, 2013
  - ◆ Final report due November 15, 2013
- Statewide Educator Evaluation System Task Force – October 15, 2012
- Iowa Teaching Standards and Criteria Review Task Force – November 12, 2012
- Teacher Performance, Compensation, and Career Development Task Force – October 15, 2012
- Online Learning Survey Report – January 15 annually (repealed July 1, 2015)
- Online Learning Interim Study – December 14, 2012
- Continuous Improvement Plan developed by the Board of Regents – include annually in the Board's Strategic Plan Progress Report
- Iowa Reading Research Center activities report – January 15 annually
- Cross-Agency Assessment Instrument Planning Group – November 15, 2012
- School Instructional Time Task Force – October 15, 2012

## ADULT MENTAL HEALTH AND DISABILITY SERVICES REFORM

[Senate File 2315](#) implements recommendations made by the Mental Health and Disability Services Study Committee and SF 525 (FY 2012 Adult Disability Services System Redesign Act), which set out a framework for redesign.

[Senate File 2315](#) specifies core services and service management requirements applicable to a regional service system and addresses responsibilities of the Department of Human Services (DHS) and the Mental Health and Disability Services (MH/DS) Commission relating to core services. Some of the major changes include:

- Requires the DHS to plan, collect, and analyze data as necessary to issue cost estimates for serving additional populations and providing core disability services statewide.
- Requires the DHS to cover core service domains under Medicaid to the greatest extent allowable under federal regulations. This provision is subject to available appropriations.
- Requires financial information submitted to the State by a county to segregate expenditures for purchase of service, administration, and enterprise costs.
- Requires counties to begin using a standardized functional assessment to determine services.
- Sets income guidelines for services at 150.0% of the federal poverty level (FPL) with no copay, a copay, or sliding fee scale for persons with incomes that exceed 150.0% of the FPL.
- Specifies a set of new core service domains for Mental Health and Intellectual Disabilities not covered under the Medicaid Program and adds a new set of services (core plus) that may be provided when funding becomes available.
- Specifies legislative intent to cover Brain Injury and Developmental Disabilities when funding becomes available.
- Regions are responsible for funding non-Medicaid expenditures, with the State providing for growth in non-Medicaid expenditures.



## ADULT MENTAL HEALTH AND DISABILITY SERVICES REFORM (Continued)

[Senate File 2315](#) establishes a Mental Health and Disability Services Workforce Development Workgroup to be convened by the DHS. The Workgroup is to address issues connected with assuring there is adequate workforce to provide MH/DS in the State. This Bill requires the DHS to establish an Outcomes and Performance Measures Committee for the regional service system. The Committee is to provide recommendations regarding outcomes and performance measures that are consistent across the MH/DS population and review data requirements that could be eliminated or revised due to low relevance to outcomes. The Bill also requires the DHS, the Department of Inspections and Appeals, and the Department of Public Health to work together to review and improve regulatory requirements applied to MH/DS administration and providers.

[Senate File 2315](#) creates a regional structure for the MH/DS system. The regional structure will be based on Iowa Code chapter 28E agreement between the counties in the region. Iowa Code chapter 28E agreement is an agreement between two or more political subdivisions that allows the parties to take on an activity jointly. Some of the major decisions that will be included in the agreement are as follows:

- Regional governance structure.
- Regional finances.
- Regional governance agreements.

The Bill also lays out a timeline for the process of counties joining into regions. The timeline is as follows:

Milestones	Date
Regions begin to form	January 2012
DHS ensures all counties are part of a region	April 1, 2012
All regions are formed and begin to organize	July 1, 2013
Regions meet the formation criteria	December 31, 2013
Regions meet the implementation criteria	June 30, 2014

Counties will be given the option to apply for an exemption from the regional structure, but they will still be required to meet the service and administrative requirements set forth for the regions.

## ADULT MENTAL HEALTH AND DISABILITY SERVICES REFORM (Continued)

[Senate File 2315](#) creates a new facility licensure chapter for a subacute level of care for persons with serious and persistent mental illness. The new chapter defines terms of care and licensure requirements, and specifies it is the intent of the General Assembly to set the daily rate for this level of care between \$400 and \$500 per day. In addition, the DHS is required to conduct a feasibility study and cost analysis of providing subacute care at one or more of the State Mental Health Institutes (MHIs) or the Veterans Home. The Bill authorizes a facility-based, crisis stabilization program pilot project to provide a prototype for the Departments of Human Services, Inspections and Appeals, and Public Health to develop regulatory standards for such programs and facilities. The pilot project must comply with appropriate standards associated with funding of the services provided by the project that are identified by the DHS. The facility is limited to 10 beds and shall be authorized to operate through June 30, 2013.

### **Interim Study Committee**

The Legislative Council is requested to authorize an interim study committee to analyze the viability of the mental health and disability services redesign financing provisions in the Bill. The study committee may contract for an independent analysis to be performed and should consider reports from the transition committee created in the Bill. Reports of the analysis containing findings and recommendations are to be submitted for consideration by the Eighty-fifth General Assembly during the 2013 Legislative Session.

Under [Senate File 2315](#), the State will be responsible for paying the cost of services eligible for Medicaid funding, and regions or individual counties will be responsible for funding non-Medicaid services. To pay for the Medicaid costs, the State will retain all appropriations currently directed to counties except for the Social Services Block Grant, which will be used by counties to pay for individuals with no county of legal settlement. Counties will retain their current property tax levy to pay for non-Medicaid services. Senate File 2336 (FY 2013 Health and Human Services Appropriations Bill) provides an additional \$40.0 million to fund the State buyout of the current county-funded Medicaid services.

**ADULT MENTAL HEALTH AND  
DISABILITY SERVICES REFORM  
(Continued)**

**New State Expenditures**

Medicaid State Buyout Costs	\$ 231,031,788
New Initiatives and Staff Costs	3,900,000
Total Cost	<u>\$ 234,931,788</u>

**Revenues Retained for Medicaid Buyout**

Allowed Growth	\$ 74,697,893
Property Tax Relief	88,400,000
Community Services	14,187,556
State Payment Program	11,150,820
CMHC Block Grant	200,000
Palo Property Tax Relief	1,167,465
New General Fund Appropriation	40,000,000
Underfund Medicaid	5,134,444
	<u>\$ 234,938,178</u>

A transition fund was created to assist counties that are short of funding for FY 2013, but no funds have yet been appropriated to the fund.

In addition to funding provided, the State will writeoff \$12.6 million in disputed billings between the county and State. This includes disputed billings at the MHIs and other commitment costs.

In FY 2014, a new funding target of \$47.28 per capita will be set for county-funded non-Medicaid services. Counties that levy less than \$47.28 per capita will have their property tax levy subsidized up to that level. Counties that levy in excess of \$47.28 per capita will be required to reduce their levy to the new target. The cost to the State to subsidize counties that levy less than \$47.28 is projected to be \$29.0 million. It is anticipated that \$12.4 million of this can be offset by the Social Services Block Grant. No funds have yet to be appropriated for the equalization of the levy. The new per capita target will be in place for two fiscal years and if not extended, will revert back to the current \$125.8 million property tax levy.

## TAX ISSUES

### [House File 2460](#) – Urban Renewal and Tax Increment Financing Reporting Act

- Implements new reporting requirements for cities, counties, and rural improvement zones that utilize Urban Renewal and Tax Increment Financing (TIF) (see Iowa Code Chapter 403) to fund development projects. The reporting requirements direct the Department of Management, in consultation with the Legislative Services Agency, to develop an electronic reporting format.
- Prohibits the use of a school district instructional support levy for TIF financing. Existing TIFs may continue to access the levy under specified circumstances.
- Restricts the use of TIF revenue to relocate a commercial or industrial enterprise to a location within a county from its current location within that county, or from a location within a contiguous county.
- Requires future local option sales tax TIFs to be first approved by the board of supervisors.

### [Senate File 2342](#) – Geothermal and Solar Tax Credits, Auto Body and Car Wash Tax Exemptions Act.

- **Geothermal Tax Credit** - Creates an individual income tax credit for the installation of a residential geothermal heat pump. The new income tax credit is equal to 20.0% of the federal residential energy efficiency tax credit available for geothermal heat pump installations. The federal credit is equal to 30.0% of qualified geothermal heat pump installation expenditures and is set to expire December 31, 2016. The Iowa tax credit will continue to be available should the federal tax credit be extended. The new State tax credit is first available in tax year 2012 and it is not refundable, but unused credits can be carried forward and utilized by the taxpayer in 10 future fiscal years.

## TAX ISSUES (Continued)

- **Solar Energy System Tax Credit** – Creates a State individual and corporate income tax credit equal to 25.0% of the federal tax credit for the installation of solar energy systems. The federal credit is equal to 30.0% of qualified solar energy system installation expenditures and is set to expire December 31, 2017. The Iowa tax credit will continue to be available should the federal tax credit be extended. The annual aggregate limit for all Iowa solar energy credits is \$1.5 million. The new income tax credit is first available in tax year 2012 and is not refundable, but unused credits may be carried forward and utilized by the taxpayer in 10 future fiscal years.
- **Auto Body Tax Credit** – Creates a sales tax exemption for auto body repair materials. The exemption is effective on enactment.
- **Car Wash Tax Credit** – Creates a sales tax exemption for inputs used in a car wash for a retailer providing a car wash service. The exemption is effective on enactment.

### Summary of General Fund Impact for SF 2342

FY 2012 - 2015

Dollars in Millions

	General Fund Revenue Reduction			
	FY 2012	FY 2013	FY 2014	FY 2015
Geothermal Tax Credit	N/A	\$ 1.2	\$ 1.8	\$ 2.0
Solar Energy Systems Tax Credit	N/A	0.8	1.3	1.4
Auto Body Repair & Car Wash				
Sales Tax Exemption Net Impact	0.1	0.3	0.3	0.3
<b>Total General Fund Impact</b>	<u>\$ 0.1</u>	<u>\$ 2.3</u>	<u>\$ 3.4</u>	<u>\$ 3.7</u>

Note: SF 2342 also impacts school aid appropriations, local property tax revenue, the SAVE Fund, and local option sales tax revenue.

## FLOOD MITIGATION

[Senate File 2217](#) (FY 2013 Flood Mitigation Act) establishes a Flood Mitigation Program and a Flood Mitigation Board to review proposed flood mitigation projects and authorize funding for approved projects. The Act establishes two funding sources to provide funding for approved projects that include:



### Flood Mitigation Fund

- Consists of appropriations and other moneys for grants, loans, and forgivable loans that are awarded on a first come, first serve basis.
- Retains interest earned and loan repayments.
- Retains unexpended money in the Fund.
- Reverts money to General Fund when projects are completed.
- Allows the Board to make a multiyear commitment of up to \$4.0 million in any one fiscal year.

### Sales Tax Increment Fund

- Authorizes sales tax increases for impacted areas, as calculated by the Department of Revenue, to be deposited in the Fund on a quarterly basis.
- Specifies the dates the Department of Revenue will credit the Fund and the methods for remitting funds.
- Specifies that no money will be credited to the Sales Tax Increment Fund prior to January 1, 2013.
- The maximum amount that a governmental entity can receive is \$15.0 million per year and the maximum amount that can be rewarded to all governmental entities is \$30.0 million per year.
- The maximum time limit for a project funded from the Sales Tax Increment Fund is 25 years.

The Flood Mitigation Board will approve projects to receive funding and all projects will be approved by January 1, 2016. The Program will be administered by the Homeland Security and Emergency Management Division of the Department of Public Defense.

## NATURAL RESOURCE LEGISLATION

### HUNTING AND FISHING LICENSE OPTIONS

[Senate File 2317](#) creates new hunting and fishing license options. Each license purchase requires an administrative fee for hunters and anglers. New licensing options will allow hunters and anglers to purchase multiyear licenses in lieu of annual licenses. This change will reduce administrative fees paid by hunters and anglers. The Bill also makes several other changes to licensing options related to trapping and fee collection. Changes in the bill include:

- Creates a three-year fishing license for \$52.
- Creates a three-year hunting license, including Wildlife Habitat Fee, for \$84.
- Allows for a third fishing line with the purchase of a third line permit for \$10.
- Creates an annual combination hunting and fishing license, including Wildlife Habitat Fee for \$45.
- Provides the option to include the Wildlife Habitat Fee with the purchase of resident and nonresident hunting and fur trapping licenses.
- Creates a one-day fur dealer license for \$250.

### SNOWMOBILES, ALL-TERRAIN VEHICLES (ATVs), AND WATERCRAFT

[House File 2467](#) updates Iowa Code language and definitions pertaining to snowmobiles, all-terrain vehicles (ATVs) and watercraft. Fee and fine changes include:

- Requires residents to purchase an annual \$15 resident user permit to operate snowmobiles on public land.
- Eliminates dealer special registration exemptions for off-road utility vehicles.

**NATURAL RESOURCE LEGISLATION****(Continued)**

- Changes snowmobile and ATV dealer special registration fees from an annual \$15 fee to a three -year \$45 fee.
- Defines waterskiing as driving a snowmobile on the surface of water by utilizing the skis, track, and bottom surface area of the snowmobile for flotation while in motion.
- Prohibits waterskiing except on rivers and streams during the period between November 1 and April 1 and adds a waterskiing violation and fine of \$100.



## VETERANS TRUST FUND

[House File 2466](#) creates a standing limited appropriation, beginning in FY 2013, from the Veterans Trust Fund to the Commission on Veterans Affairs of the first \$300,000 received from designated Lottery Fund proceeds deposited in the Veterans Trust Fund. The money appropriated to the Commission that remains unobligated or unexpended at the end of the fiscal year will revert to the Veterans Trust Fund. This provision is effective July 1, 2012.

The Bill provides for a one-time appropriation of \$300,000 for FY 2012 from the Veterans Trust Fund to the Commission of Veterans Affairs. This provision is effective on enactment.

The Bill also provides for a sales tax exemption for veterans organizations games of chance that provide for educational scholarships. This provision takes effect retroactively to January 1, 2012.

## TAXPAYER TRUST FUND

[Senate File 209](#) (Internal Revenue Code Update Act), enacted during the 2011 Legislative Session, created the Taxpayer Trust as a separate Fund from the General Fund. The purpose of the Fund is to provide tax relief as outlined in appropriation bills approved by the General Assembly. The Fund is not subject to reversion and retains any interest earned.

The amount transferred to the Fund is limited to the difference between the actual net General Fund revenue for the preceding fiscal year and the adjusted revenue estimate used in establishing the budget for that fiscal year. The Taxpayers Trust Fund receives up to the first \$60.0 million of the excess funds in the Economic Emergency Fund.

Fiscal year 2013 will be the first year that the Taxpayers Trust Fund will be funded. Based on the Revenue Estimating Conference that met on March 23, 2012, the Fund is expected to receive \$60.0 million.

**EXPENDITURE LIMITATION**

In the 1980s and early 1990s, Iowa experienced serious financial problems including tax revenues below expectations; expenditures above budget; and a lack of reserves. The Legislature established spending limits and reformed the budget process to restore fiscal integrity, improve cash flow, and creating balances in reserve funds.

The Governor and the General Assembly have statutory responsibility to balance the budget. In 1992, several statutory reforms were enacted to provide long-term solutions to the State's budget problems. These included the "Expenditure Limitation" laws.

- Spending is limited to 99.0% of adjusted revenues, 95.0% of any new revenue implemented in a fiscal year, and any carryover from the previous year.
- The Governor and the General Assembly are required to use the revenue estimates agreed to by the December Revenue Estimating Conference or a later estimate during the legislative session, if it is lower, as a basis to determine the General Fund budget for the following fiscal year. If the General Assembly holds an Extraordinary Session, the lower estimate applies, and the Governor and the General Assembly are required to use the lower estimate.
- Three reserve accounts or funds have been created. These include: the Cash Reserve Fund; the Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account; and the Economic Emergency Fund (Rainy Day Fund).
- Expenditures from these reserve funds are limited by statute.

## **IOWA'S RESERVE FUNDS (RAINY DAY FUNDS)**

Iowa's reserve funds are comprised of the Cash Reserve Fund and the Economic Emergency Fund. Together, the balance in these funds is projected to total \$622.1 million in FY 2013.

### **Cash Reserve Fund**

- The maximum balance the Fund may attain is equal to 7.5% of the General Fund adjusted revenue estimate, as established by the Revenue Estimating Conference (REC).
- Moneys in the Cash Reserve Fund may be used for cash flow purposes but are to be returned by the end of the fiscal year.
- Expenditures from the Cash Reserve Fund are limited to nonrecurring emergency expenditures.
- For FY 2013, \$427.4 million of the FY 2012 General Fund surplus is appropriated to the Cash Reserve Fund.

### **Generally Accepted Accounting Principles (GAAP) Deficit Reduction Fund**

- Unexpended money from the General Fund, after the Cash Reserve Fund target is made, is also deposited to the GAAP Fund.
- Funds are appropriated for the purpose of eliminating the State's GAAP deficit. The Deficit was eliminated during FY 1995.

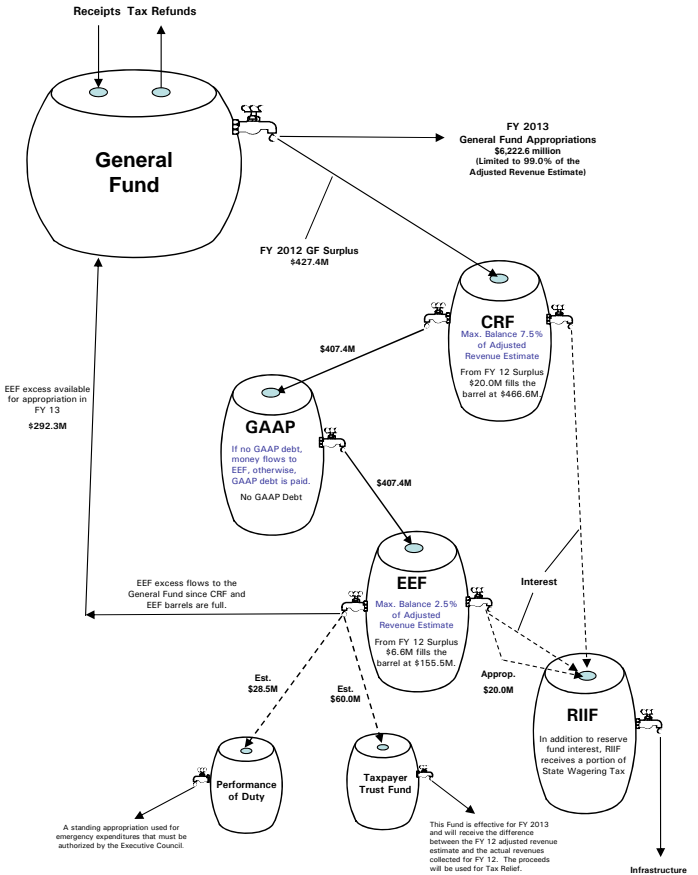
**IOWA'S RESERVE FUNDS  
(RAINY DAY FUNDS) (Continued)****The Economic Emergency Fund**

- Established in 1984 and modified in later years.
- The maximum balance the Fund may attain is equal to 2.5% of the General Fund adjusted revenue estimate.
- Once all GAAP obligations are retired, remaining funds are credited to the Economic Emergency Fund.
- Moneys in the Economic Emergency Fund may be used for cash flow purposes but are to be returned by the end of the fiscal year.
- Spending from the Fund is limited to emergency expenditures.
- Allows for an appropriation from the Economic Emergency Fund to reduce a negative ending balance in the State General Fund. The appropriation is limited to \$50.0 million and is contingent on certain circumstances.

There are several appropriations from the Fund in FY 2013:

- A standing unlimited appropriation for expenses approved by the Executive Council through the Performance of Duty appropriation. For FY 2013, the expenses are estimated to total \$28.5 million.
- The Taxpayers Trust Fund was created during the 2011 Legislative Session and effective beginning in FY 2013. Moneys in the Fund are required to be used for tax reduction purposes. The law does not specify the type of tax reduction. The Taxpayers Trust Fund receives up to the first \$60.0 million of the excess funds in the Economic Emergency Fund. The amount that can be transferred is limited to the difference between the actual net General Fund revenue for the preceding fiscal year and the adjusted revenue estimate that was used in establishing the budget for that fiscal year.
- The General Assembly made a one-time appropriation from the Economic Emergency Fund of \$20.0 million to the Rebuild Iowa Infrastructure Fund for FY 2013.
- Moneys in excess of the maximum balance are transferred to the General Fund. For FY 2013, the amount transferred to the General Fund is estimated to be \$292.3 million.

**FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION**  
**Est. FY 2013**  
 (Dollars in Millions)



CRF = Cash Reserve Fund  
 GAAP = Generally Accepted Accounting Principles Deficit Reduction Account  
 EEF = Economic Emergency Fund  
 RIIF = Rebuild Iowa Infrastructure Fund  
 TTF = Taxpayer Trust Fund  
 POD = Performance of Duty

**CASH RESERVE FUND**  
**(\$ in millions)**

	<u>FY 2012</u>	<u>FY 2013</u>
Balance Forward	\$ 341.2	\$ 446.6
Gen. Fund Surplus	<u>554.6</u>	<u>427.4</u>
Total Revenue	\$ 895.8	\$ 874.0
Transfer to EFF	<u>-449.2</u>	<u>-407.4</u>
Ending Balance	<u>\$ 446.6</u>	<u>\$ 466.6</u>
<i>Max. 7.5%</i>	\$ 446.6	\$ 466.6

**ECONOMIC EMERGENCY FUND**  
**(\$ in millions)**

	<u>FY 2012</u>	<u>FY 2013</u>
Balance Forward	\$ 99.1	\$ 148.9
CRF Excess	<u>449.2</u>	<u>407.4</u>
Total Revenue	\$ 548.3	\$ 556.3
Transfer to General Fund	-381.4	-292.3
Taxpayer Trust Fund	0.0	-60.0
RIIF Appropriation	0.0	-20.0
Missouri River Damage	-2.9	0.0
MH Property Tax Relief	-7.2	0.0
Exec. Council Approp	<u>-7.9</u>	<u>-28.5</u>
Ending Balance	<u>\$ 148.9</u>	<u>\$ 155.5</u>
<i>Max. 2.5%</i>	\$ 148.9	\$ 155.5

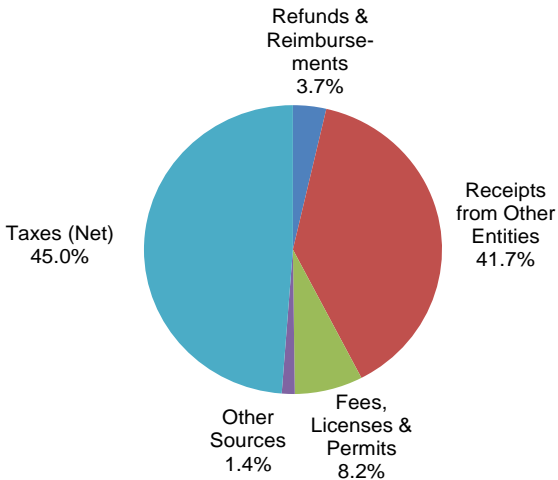
\* Numbers may not equal totals due to rounding.

**STATE FUNDING SOURCES**

Most State operations are accounted for through governmental fund types (as specified in the Iowa Comprehensive Annual Financial Report). Governmental revenues and other financing sources totaled \$14.6 billion for FY 2011. Net receipts increased \$677.9 million (4.9%) compared to FY 2010. Tax revenue increased \$398.6 million (5.6%), receipts from other entities increased \$19.8 million (0.3%), and fees, licenses, and permits increased \$117.6 million (10.9%) compared to FY 2010.

**FY 2011 STATE REVENUE BY SOURCE**

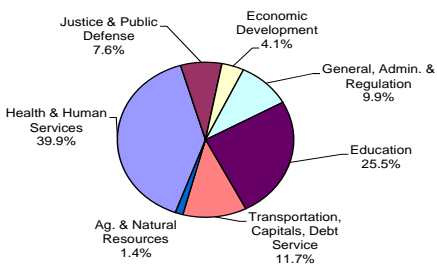
Governmental Revenues & Other Financing Sources  
Excludes Refunds





## STATE EXPENDITURES GOVERNMENTAL FUNDS

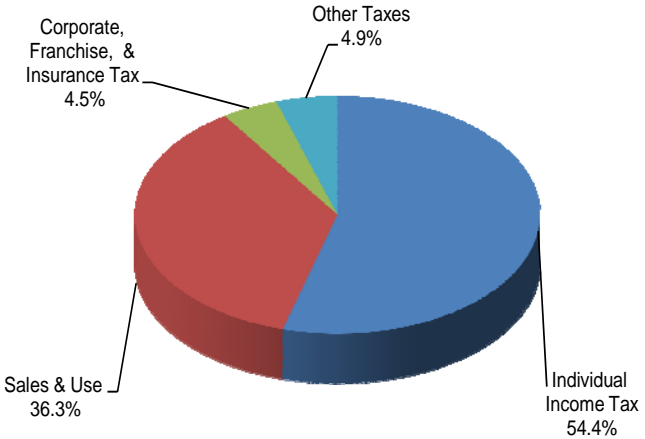
### FY 2011 State Government Expenditures



May not total to 100.0% due to rounding.

- 
- Includes General Fund and all other governmental funds. (Comprehensive Annual Financial Report)
  - Governmental expenditures totaled \$14.1 billion for FY 2011, an increase of \$0.555 billion (4.1%) compared to FY 2010.
  - Revenues for FY 2011 exceeded expenditures by \$0.511 billion. Adjusting for net transfers and other financing uses results in FY 2011 positive net Fund balance change of \$0.350 billion.

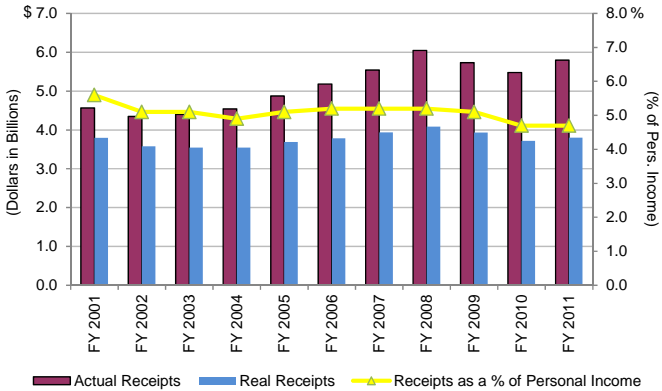
**SOURCES OF GENERAL FUND GROWTH  
FY 2001 - FY 2011**



May not total to 100.0% due to rounding.

- The chart above does not include transfers to the General Fund from other funds, or accrued revenue, and has not been adjusted for refunds.
- Since FY 2001, growth in personal income tax accounted for 54.4% of the total increase in gross General Fund receipts. Sales and use tax accounted for 36.3% of the total increase. Taxes paid by businesses (corporate income tax, franchise tax, and insurance tax) account for 4.5% of the increase. The percentages in this paragraph have not been adjusted for tax refunds.

**GENERAL FUND RECEIPTS HISTORY  
FY 2001 - FY 2011  
(\$ in billions)**



- Actual General Fund receipts are net of refunds but are not adjusted for accrued revenue or transfers.
- Real receipts are actual net General Fund receipts adjusted for inflation, using the Consumer Price Index (CPI-U).
- Receipts as a percentage of personal income are actual net receipts divided by personal income. This is a measure of the change in the magnitude of the General Fund relative to the personal income of all Iowans.
- From FY 2001 through FY 2011, Iowa General Fund net receipts grew \$1.235 billion (27.1%). During that same period, Iowa's total State personal income grew \$42.1 billion (51.5%).
- In FY 2001, Iowa General Fund net receipts equaled 5.6% of total State personal income. In FY 2011, General Fund net receipts equaled 4.7% of personal income.
- Adjusted for inflation, General Fund net receipts increased 0.2% from FY 2001 to FY 2011.

**GENERAL FUND EXPENDITURES  
SHIFTED TO OTHER FUNDING SOURCES  
(\$ in millions)**

	Est. FY 2012	Est. FY 2013
Economic Emergency Fund	<u>\$ 18.0</u>	<u>\$ 28.5</u>
Environment First Fund	9.5	10.4
Commerce Revolving Fund	26.9	27.2
IowaCare Account	27.3	27.3
Health Care Trust Fund	106.4	106.0
Gaming Enforcement Revolving Fund	10.3	10.3
Gaming Regulatory Fund	5.8	5.8
Rebuild Iowa Infrastructure Fund	39.8	40.1
Medicaid Fraud Fund	2.2	1.9
Total	<u>\$ 246.2</u>	<u>\$ 257.5</u>

**GENERAL FUND RECEIPTS**  
**(\$ in millions)**

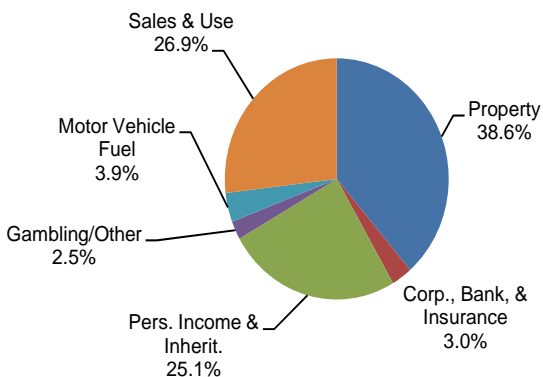
	Estimated FY 2013 REC	Percent of Total Receipts
<b>Tax Receipts</b>		
Personal Income Tax	\$ 3,786.7	49.7%
Sales/Use Tax	2,538.3	33.3%
Corporate Income Tax	511.3	6.7%
Inheritance Tax	79.9	1.0%
Insurance Premium Tax	102.4	1.3%
Cigarette Tax	93.5	1.2%
Tobacco Tax	16.1	0.2%
Beer Tax	14.4	0.2%
Franchise Tax	40.3	0.5%
Miscellaneous Tax	1.1	0.0%
<b>Total Tax Receipts</b>	<b>7,184.0</b>	<b>94.2%</b>
<b>Other Receipts</b>		
Institutional Payments	15.3	0.2%
Liquor Profits	93.5	1.2%
Interest	3.0	0.0%
Fees	20.9	0.3%
Judicial Revenue	112.0	1.5%
Miscellaneous	27.5	0.4%
Racing and Gaming	66.0	0.9%
Transfers	87.2	1.1%
Accruals (Net)	15.10	0.2%
<b>Total Other Receipts</b>	<b>440.5</b>	<b>5.8%</b>
<b>Total Receipts</b>	<b>7,624.5</b>	<b>100.0%</b>
Refunds	-1,343.9	-17.6%
<b>Net Receipts</b>	<b>\$ 6,280.6</b>	<b>82.4%</b>

REC = Revenue Estimating Conference (March 2012)

Note:

Totals may not add due to rounding.

**DISTRIBUTION OF MAJOR STATE AND LOCAL  
TAX SOURCES - ACTUAL FY 2011  
(\$ in millions)**



	Rate	Actual FY 2011	Percent of Major Tax Sources
Property	Varies	\$ 4,637.4	38.6%
Individual Income	0.36% - 8.98%	2,855.9	23.8%
Sales & Use	5.00%	2,238.8	18.6%
Local Option Sales	1.00% to 2.00%	701.4	5.8%
Local Option Income	up to 20.0% of state tax	97.0	0.9%
Local Option Hotel/Motel	up to 7.00%	40.5	0.3%
Motor - Fuel	\$ 0.190 to \$0.225	445.6	3.7%
Environ. Prot. Fee	\$0.01 per gallon	21.8	0.2%
Corporate Income	6.00% - 12.00%	231.5	1.9%
Insurance Premium	1.00%	96.5	0.8%
Cigarettes & Tobacco	\$1.36 per pack	225.6	1.9%
Beer & Wine	\$0.19 per gallon	21.4	0.2%
Gambling/Other	Varies	298.5	2.5%
Inheritance	1.00% - 15.00%	63.6	0.5%
Franchise	5.0% of net income	35.0	0.3%
<b>Total</b>		<b>\$12,010.5</b>	<b>100.0%</b>

**Note:**

Totals may not add due to rounding.

Property tax includes Tax Increment Financing revenue.

Property tax includes gas & utility replacement tax.

Sales & Use includes motor vehicle use tax and fee for new registration.

Sales & Use excludes the statewide 1.0% tax for school infrastructure.

Local option sales includes the statewide 1.0% tax for school infrastructure.

Cash Basis - July 1 through June 30.

Receipts are net of refunds.

**IOWA'S CASH MANAGEMENT PRACTICES**

Iowa's cash is managed by the State Treasurer's Office. To earn the most interest possible, cash is invested as soon as it is collected, while enough cash remains on hand to pay State bills. Funds of State agencies that are temporarily available for investment are pooled together and invested in certificates of deposit, U.S. Treasury bills and notes, and other corporate debt instruments as allowed by law. Investment goals set by statute include:

- Safety - restrictions on types of investments, limits on credit risk, maturities, and use of leverage is prohibited.
- Liquidity - always have the next 60 days of bills funded; purchase liquid securities.
- Yield - core portfolio invested for longer periods; use of laddered maturities.

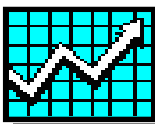
The current size of the investment pool is approximately \$2.3 billion. The realized cash annual rate of return for FY 2010 was 0.77%.

**DEBT ADMINISTRATION**

The Constitution of the State of Iowa prohibits the State from exceeding a maximum of \$250,000 in general obligation debt without voter approval. However, statute authorizes the issuance of Tax and Revenue Anticipation Notes (TRANS), provided the total issuance does not exceed anticipated revenue receipts for the fiscal year and the total issuance mature during the fiscal year.

- In FY 2010 and FY 2011 the State did not issue any TRANS.
- To date in FY 2012, the State has not issued any TRANS.

## DEBT MANAGEMENT



The State of Iowa reported total outstanding debt of \$13.801 billion on June 30, 2011, for all governmental entities. This represents an overall increase of \$855.6 million (6.6%) compared to FY 2010.

Governmental entities that reported increases in obligations during FY 2011 include:

Governmental Entity	Dollar Amount Increase Compared to FY 2010	Percentage Change
Cities	\$ 232.6 million	5.05%
Counties	154.4 million	22.90%
Community Colleges	16.7 million	3.00%
Board of Regents	60.6 million	4.66%
School Districts/AEAs	235.7 million	9.46%
State Agencies	273.4 million	33.41%

Governmental entities that reported decreases in debt during FY 2011 include: Other and utility systems with a decrease of \$2.9 million (-6.9%) and State Authorities with a decrease of \$114.9 million (-4.7%).

Debt financing is used for a variety of purposes, including: construction and renovation of public buildings, schools, housing and urban development, utilities, jails and prisons, park and recreational facilities, and local streets and parking lots.

A variety of financing mechanisms are available for use by the State and local units of government for public infrastructure improvements. These include:

- General obligation bonds
- Revenue bonds
- Certificates of participation (lease purchase)
- Special assessments on property
- Tax increment financing
- Special tax allocation and dedication of revenue sources, such as hotel and motel taxes



## IOWA'S BUDGET PROCESS

The Governor and the General Assembly allocate State resources and set revenue collection levels through the budgeting process.



The process begins in June of each year for the fiscal year that starts 12 months later on July 1.

State agencies prepare budget requests within the guidelines set by the Governor and submit their requests by October 1.

Statute permits agencies to use a "75.0% modified based budget" method in determining the future fiscal year budget. In this method, 75.0% of the prior year budget is assumed to be recommended and decision packages to reinstate the remaining 25.0% are submitted to the Department of Management. For FY 2007 through FY 2013, this statute has been notwithstanding and agencies are required to submit estimates of their expenditure requirements, including every proposed expenditure. The estimates are to be accompanied by performance measures for evaluating the effectiveness of the program or results.

The Revenue Estimating Conference (REC) meets before December 15 to set revenue estimates that will serve as a basis for the General Fund budget for the following fiscal year. House File 148 (Transfer Authority Act) allowed the REC to estimate revenues for an additional fiscal year to accommodate the biennial budget process.

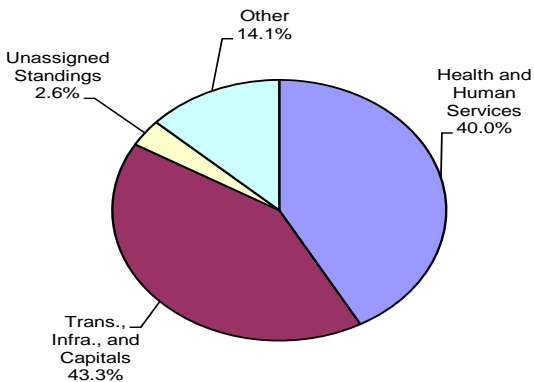
The Governor submits annual recommendations to the General Assembly in January.

By statute, the Governor's budget must be balanced and must meet expenditure limitations.

The General Assembly conducts budget hearings during January and February. Recommendations from the seven joint budget subcommittees are passed on to the full Appropriations Committees and to the floor for debate in each chamber.

The State Constitution permits the Governor line-item veto authority over appropriations bills.

**OTHER FUND APPROPRIATIONS  
ESTIMATED FY 2013  
(\$ in millions)**



	Est. FY 2013 Appropriations	Percent of Total
Administration and Regulation	\$ 54.1	4.4%
Ag. and Natural Resources	81.0	6.6
Economic Development	24.5	2.0
Education	0.0	0.0
Health and Human Services	490.9	40.0
Justice System	13.5	1.1
Trans., Infra., and Capitals	530.4	43.3
Unassigned Standings	31.4	2.6
<b>Total</b>	<b>\$ 1225.8</b>	<b>100.0%</b>

- Sources of other fund appropriations include but are not limited to: federal funds, the Road Use Tax Fund, the Primary Road Fund, the Tobacco Settlement Fund, and the Rebuild Iowa Infrastructure Fund.
- “Other” includes Administration and Regulation, Agriculture and Natural Resources, Economic Development, Education, and the Justice System.

## **SALARY ADJUSTMENT**



Salary adjustment is an increase allocated to each State department's personnel services budget to provide funding for such things as Cost of Living Adjustments (COLA), changes in the cost of health insurance premiums, salary annualization, and merit step increases awarded during the upcoming fiscal year.

For FY 2013, no funds were appropriated from the General Fund to the Salary Adjustment Fund administered by the Department of Management. The FY 2013 General Fund need was estimated at \$92.0 million.

Salary annualization is the amount needed to pay for merit step increases that were not included in the prior year's salary adjustment. For example, if an employee received a merit step increase in March 2012, an amount sufficient to pay the merit step increase for three months during FY 2012 would have been included in the FY 2012 salary adjustment. Salary annualization would be included in the FY 2013 salary adjustment for the employee's merit step from July 2012 to March 2013 (nine months).

If all employees had review dates at the beginning of the fiscal year, there would be no salary annualization due to merit step increases. However, if this was the case, the cost of salary adjustment would increase proportionately.

**COLLECTIVE BARGAINING SETTLEMENTS  
FY 2012 - FY 2013**

The values listed in the table below are the across-the-board adjustments specified by State employee collective bargaining contracts.

	July 1, 2011	Jan. 1, 2012	July 1, 2012	Jan. 1, 2013
AFSCME	2.00%	1.00%	2.00%	1.00%
JUD. AFSCME	2.00%	1.00%	2.00%	1.00%
IUP	2.00%	1.00%	2.00%	1.00%
SPOC	2.00%	1.00%	2.00%	1.00%
UFI	2.25%	1.25%	2.25%	1.25%
PPME	2.00%	1.00%	2.00%	1.00%
COGS	2.00%	0.00%	2.50%	0.00%
SEIU	3.00%	0.00%	3.00%	0.00%

Note:

All contracts are effective July 1, 2011, and allow for merit step increases for employees granted merit steps for both FY 2012 and FY 2013.

AFSCME = American Federation of State, County, and Municipal Employees

IUP = Iowa United Professionals

SPOC = State Police Officers Council

UFI = United Faculty of Northern Iowa

PPME = Public Professional and Maintenance Employees

COGS = Campaign to Organize Graduate Students

SEIU = Service Employees International Union/Tertiary Health Care Unit, University of Iowa

## INFRASTRUCTURE FUNDING

Appropriations from infrastructure revenue sources include funding for new construction projects, vertical infrastructure projects, major and routine facility maintenance, environmental projects, and technology projects, as well as debt service on certain bonds. Primary infrastructure funding sources are the Rebuild Iowa Infrastructure Fund and the Technology Reinvestment Fund. Funding may also be provided from proceeds from tax-exempt revenue bonds or other resources that the General Assembly makes available.

The 2012 General Assembly made appropriations for infrastructure-related projects from the following funding sources:

- Rebuild Iowa Infrastructure Fund (RIIF)
- Technology Reinvestment Fund (TRF)
- Endowment for Iowa's Health Restricted Capitals Fund (RC2)
- Mortgage Servicing Settlement Fund (MSSF)

For FY 2013, the RIIF is estimated to have \$209.3 million in total resources, including the balance forward from FY 2012 as well a one-time \$6.0 million increase in wagering taxes and one-time transfers from the Economic Emergency Fund and the MSSF, \$20.0 million and \$1.0 million, respectively.

Although a total of \$208.0 million is appropriated from the RIIF for FY 2013, \$20.0 million was appropriated in other budget bills. Total funding from the RIIF for the infrastructure budget is \$188.0 million. Of that amount, \$122.2 million reflects current law appropriations that were previously enacted in session law or Iowa Code (e.g. funding for the Environment First Fund from the RIIF). [Senate File 2316](#) (FY 2013 Infrastructure Appropriations Bill) appropriates \$92.8 million in new appropriations that will be in the 2012 Session Law. Therefore, total funding for FY 2013 for the infrastructure budget is \$215.0 million.

### INFRASTRUCTURE FUNDING (Continued)

The 2006 General Assembly created the TRF with the purpose of funding technology improvements for State government and provided a standing appropriation from the General Fund of \$17.5 million. For FY 2009 through FY 2012, the funding source for the TRF was shifted to the RIIF at varying amounts. For FY 2013, the TRF is being funded with \$20.0 million from the wagering tax receipts that normally deposit in the General Fund, thus reducing the General Fund revenues. The TRF is slated to return to the General Fund as an appropriation in FY 2014.

[Senate File 2316](#) that appropriates funds over two fiscal years as follows:

#### Infrastructure Appropriations\* (\$ in millions)

Fund	FY 2013	FY 2014
RIIF	\$ 72.4	\$ 3.8
TRF	13.4	3.1
RC2	2.0	0.0
MSSF	5.0	0.0
	<u>\$ 92.8</u>	<u>\$ 6.9</u>

\*Infrastructure appropriations that are made in SF 2316 and are new in 2012 Session Law.

*Appropriations that were previously enacted and were current law appropriations in Session Law or Iowa Code before the 2012 Legislative Session are not included in these totals.*

## ENVIRONMENT FIRST FUND

The Environment First Fund was created by the 2000 General Assembly to provide funding for the protection, conservation, enhancement, or improvement of natural resources or the environment. The Environment First Fund receives an annual appropriation from the Rebuild Iowa Infrastructure Fund and the appropriation for FY 2012 was \$33.0 million. The Transportation and Infrastructure Appropriations Subcommittee appropriated \$35.0 million for FY 2013 and \$42.0 million for FY 2014.



For FY 2013, the Department of Agriculture and Land Stewardship received an appropriation of \$13.8 million for conservation programs, an increase of \$1.4 million compared to FY 2012. This included \$6.7 million for the Soil Conservation Cost Share Program, \$2.6 million for Soil and Water Conservation, and \$550,000 for the Agriculture Drainage Well Program. The Department of Natural Resources received an appropriation of \$21.2 million for natural resource and environmental programs, an increase of \$600,000 compared to FY 2012. This included a \$12.0 million appropriation for the Resource Enhancement and Protection (REAP) Fund and \$3.7 million for the State Park Operations and Maintenance Program.

**ENVIRONMENT FIRST FUND (Continued)**  
**(\$ in thousands)**

<b>Resources</b>	<b>FY 2012</b>	<b>FY 2013</b>
Rebuild Iowa Infrastructure Fund	\$ 33,000.0	\$ 35,000.0
 <b>Expenditures</b>		
<b>Department of Agriculture</b>		
Conservation Reserve Enhancement Program	\$ 1,000.0	\$ 1,000.0
Watershed Protection Fund	900.0	900.0
Farm Management Demonstration	625.0	625.0
Soil Conservation Cost Share	6,300.0	6,650.0
Conservation Reserve Program	1,000.0	1,000.0
Soil and Water Conservation Fund	2,000.0	2,550.0
Agriculture Drainage Wells	0.0	550.0
Local Food and Farm*	75.0	0.0
Iowa FFA Foundation*	25.0	0.0
Loess Hills Development Authority	475.0	525.0
Total Department of Agriculture	<u>\$ 12,400.0</u>	<u>\$ 13,800.0</u>
 <b>Department of Natural Resources (DNR)</b>		
REAP*	\$ 12,000.0	\$ 12,000.0
Volunteers and Keepers of the Land	100.0	100.0
Park Operations & Maintenance	3,210.0	3,710.0
GIS Information for Watershed	195.0	195.0
Water Quality Monitoring	2,955.0	2,955.0
Water Quality Protection Fund	500.0	500.0
Air Quality Monitoring	425.0	425.0
Animal Feeding Operations	420.0	620.0
Water Quantity Program	495.0	495.0
Geological Water Survey	200.0	200.0
Forestry Management Health*	100.0	0.0
Total DNR	<u>\$ 20,600.0</u>	<u>\$ 21,200.0</u>
<b>Total Expenditures</b>	<u>\$ 33,000.0</u>	<u>\$ 35,000.0</u>

REAP = Resource Enhancement and Protection Fund

\*These Programs were funded at the same level as FY 2012, but with General Fund money instead of Environment First Fund money.



## TOBACCO SETTLEMENT

On November 20, 1998, 46 states approved a settlement agreement with the four major tobacco industry manufacturers comprising 99.4% of the United States cigarette market. The manufacturers agreed to a settlement valued at \$206.4 billion to be paid over 25 years to settle tobacco-related lawsuits filed by the states.



Iowa will receive approximately \$1.9 billion (0.87%) of the total funds allocated for distribution to the states. From FY 1998 through FY 2001, Iowa received \$144.4 million under the Master Settlement Agreement. Iowa securitized 78.0% of the payment stream in 2001 and the Tobacco Settlement Authority restructured this debt in 2005. As a result, 78.0% of the payments are made to the trustee to pay the bond obligations. The remaining 22.0% is paid directly to the Endowment for Iowa's Health Account. For FY 2009, the balance in the Endowment for Iowa's Health Account (\$21.9 million) was transferred to the General Fund. Beginning in FY 2010 and continuing in succeeding years, after the tobacco payments are deposited into the Endowment, the balance will transfer to the Rebuild Iowa Infrastructure Fund .

The following table summarizes the net (spendable) proceeds received or projected to be received by the State from tobacco securitizations since 2001.

Tobacco Securitization Net Proceeds (\$ in millions)			
	Series 2001	Series 2005	Total
Net Proceeds			
Taxable Bonds	\$ 39.6	\$ 50.2	\$ 89.8
Tax-Exempt Bonds	540.0	100.5	640.5
<b>Total</b>	<b>\$ 579.6</b>	<b>\$ 150.7</b>	<b>\$ 730.3</b>

The taxable bond proceeds were deposited in the Endowment for Iowa's Health Account. The tax-exempt bond proceeds were deposited in a series of restricted capital funds that were used primarily to fund large capital projects.

**STATUS OF TOBACCO FUNDS**

The tax-exempt bond proceeds were deposited in the Restricted Capital Fund (RCF) from the 2001 securitization and in the Endowment for Iowa's Health Restricted Capitals Fund (RC2) from the 2005 restructuring. The funds have been used for a myriad of infrastructure projects around the State over several fiscal years. The bond proceeds and any interest earned must be spent within six and five years of the bond issuances for the RCF and the RC2, respectively.

**Restricted Capital Fund and Endowment for Iowa's Health Restricted Capitals Fund**

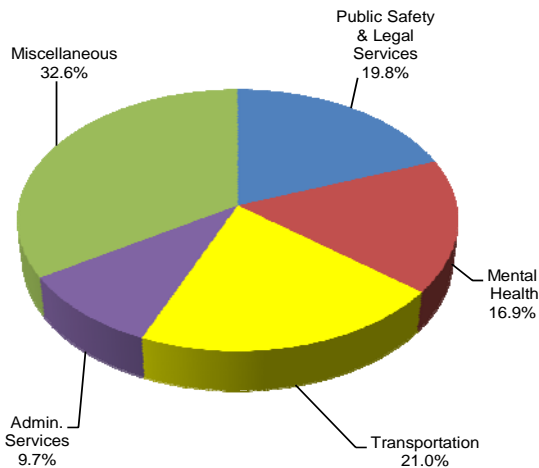
The 2009 General Assembly appropriated the remaining amounts from the RCF and the RC2 in an attempt to take the balances to zero. In order to ensure that the funds would be expended within the timeframe of the tax certificate to comply with the federal Internal Revenue Code, the 2009 General Assembly provided for the transfer of any remaining unencumbered and unobligated balances in the RCF and RC2 to the Department of Administrative Services (DAS) for major maintenance. The DAS is required to report to the Legislative Services Agency and the Department of Management the amount transferred and how the funds are spent.

During the 2012 Legislative Session, the General Assembly deappropriated \$2.0 million from the FY 2009 RC2 appropriation for a state emergency response training facility. The funds were unobligated and slated to revert at the end of FY 2012. The funds were appropriated to the prison construction project at Fort Madison for FY 2013.

**Status of Endowment for Iowa's Health Account (Endowment)**

With the 22.0% unsecuritized tobacco payments remaining available, the 2009 General Assembly transferred the balance of the Endowment for Iowa's Health Account and the Healthy Iowans Tobacco Trust to the General Fund before the close of FY 2009. Then, the 2009 General Assembly provided that beginning in FY 2010, and continuing in succeeding years, after the tobacco payments are deposited in the Endowment, the balance will transfer to the Rebuild Iowa Infrastructure Fund (RIIF). For FY 2012, that amount is estimated to be \$15.9 million.

### BUDGETED COUNTY EXPENDITURES FY 2012



Budgeted County Expenditures	Estimated FY 2012
Public Safety and Legal Services	\$ 448.5
Mental Health	381.6
Transportation	476.3
Administrative Services	219.4
Miscellaneous	
State & Local Gov't. Services	74.4
Physical Health and Social Services	207.4
County Environment	147.3
Debt Service	82.5
Capital Projects	216.0
Other	9.0
<b>Total</b>	<b>\$ 2,262.4</b>

Note:

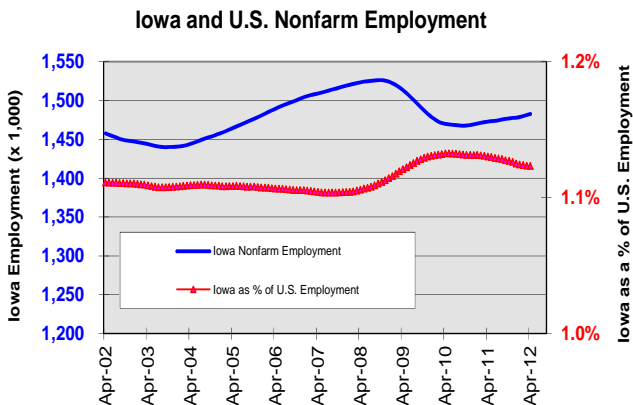
The FY 2012 ending fund balances for all counties is estimated to be \$525.2 million.

**ECONOMIC SUMMARY**

Iowa nonfarm employment was reported at 1,501,600 for the month of April 2012 (not seasonally adjusted), 16,100 higher (1.1%) than April 2011.

Iowa's 12-month average employment is presented in a graph below. The average nonfarm employment prerecession peak was January 2001 (1,478,700), and the recession low was September 2003 (1,439,900), a decline of 2.6%, peak to trough. The 12-month average peaked again in October 2008, 47,700 above the 2001 peak and 86,500 above the recession low. The current 12-month average reading is now 1,482,800 so annualized Iowa nonfarm employment is 43,600 (- 2.9%) below the October 2008 12-month peak.

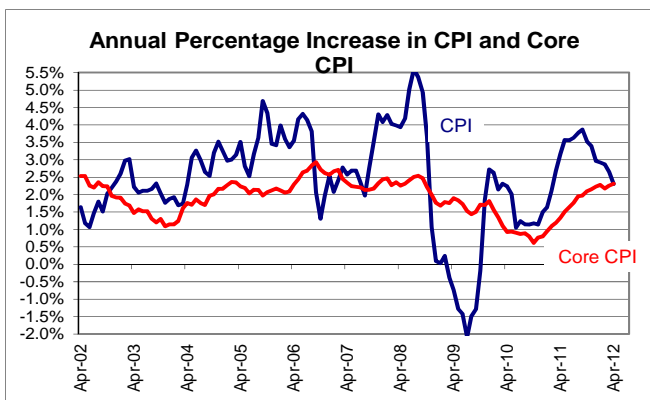
The chart below also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of national nonfarm employment decreased slowly from 2002 through 2007. Iowa's share of U.S. nonfarm employment expanded rapidly from February 2008 through May 2010 as the rate of economic decline nationally exceeded the rate of decline in Iowa. Since May 2010, the Iowa employment share has returned to a downward trend.



## ECONOMIC SUMMARY (Continued)

The Consumer Price Index (CPI-U) through April 2012 was 230.1 (1983/84=100). The annual rate of inflation peaked at 5.6% in July 2008 and decreased rapidly in the following months. After posting negative readings for eight consecutive months of 2009, the annual rate now stands at 2.3%.

Core CPI, an inflation measure excluding food and energy expenditures, is reported at 2.3%, year-over-year, in line with its long-term trend. The core inflation rate declined significantly from the early 1990s through January 2004 when the rate bottomed at 1.1%. The core inflation rate accelerated from that point, with most readings between 2.0% and 3.0%. With the onset of the most recent recession (December 2007), the annual core inflation rate declined and was below 2.0% for 34 months, first rising above 2.0% in October 2011. For the two components excluded from the core rate, energy prices are currently up 0.9% year-over-year while food prices are up 3.0%.



## PAYING FOR PUBLIC EDUCATION THE IOWA SCHOOL FOUNDATION FORMULA

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. This Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989



to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year, which was previously established by a formula.

In the 1995 Session, the determination of allowable growth was changed again. The General Assembly is required to set allowable growth two years in advance and within 30 days of the submission of the Governor's budget. Through the years since then, many other law changes have occurred impacting the school foundation formula. A listing of those law changes is available at:

[http://www.legis.iowa.gov/DOCS/LSAReports/  
k12Education/  
PublicSchIFunding\\_LawChanges\\_1971\\_to\\_Present.pdf](http://www.legis.iowa.gov/DOCS/LSAReports/k12Education/PublicSchIFunding_LawChanges_1971_to_Present.pdf)

Although required to establish allowable growth rates for regular school aid and the State categorical supplements for FY 2014 within 30 days of the Governor's budget recommendation (presented on January 10, 2012), no legislation was passed establishing the rates during the 2012 Legislative Session. The 2011 General Assembly established the FY 2013 allowable growth rates for regular school aid and the State categorical supplements at 2.0% in SF 533 (Standings Appropriations Act) during the 2011 Legislative Session.

Legislation enacted during the 2012 Legislative Session that will have an impact on school aid funding include:

- An additional State aid reduction of \$20.0 million to the Area Education Agencies for FY 2013. The additional reduction made in [HF 2465](#) (FY 2013 Standing Appropriations Bill) is in addition to the statutory reduction of \$7.5 million that occurs annually and no change compared to FY 2012.

**PAYING FOR PUBLIC EDUCATION  
THE IOWA SCHOOL FOUNDATION FORMULA  
(Continued)**

- Adding additional eligible courses that can receive supplementary weighting beginning in FY 2014. [Senate File 2284](#) (Education Reform Bill) expanded the supplementary weighting to include Project-Lead-the-Way courses. The estimated fiscal impact is approximately \$1.4 million in additional State General Fund expenditures and \$0.2 million in local property tax generated through the school aid formula beginning in FY 2014.
- Extending the sunset provision on the Early Intervention Block Grant Program by one year. The sunset was slated for June 30, 2012. School district use of early intervention supplement funding generated through the school aid formula is tied to provisions of the Program and extending the sunset allows school districts to use the funds in FY 2013 for specified purposes. The estimated FY 2013 early intervention supplement totals \$30.3 million.

The following table provides an analysis of the estimated FY 2013 school aid funding compared to estimated FY 2012. State funding totals include:<sup>1</sup>

- The State General Fund amount totals \$2.654 billion, an increase of approximately \$29.2 million (1.1%) compared to the State General Fund amount for estimated FY 2012. This includes \$2.282 billion for regular school aid, \$319.8 million for the State categorical supplements, and \$59.7 million for preschool formula funding. Including additional funding from the Property Tax Equity and Relief Fund of \$7.4 million, the total State school aid funding amount is \$2.661 billion.
- School aid property taxes are estimated to total \$1.319 billion, an increase of \$4.2 million (0.3%) compared to estimated FY 2012.
- The statewide combined district cost is estimated to total \$3.920 billion, an increase of \$32.4 million (0.8%) compared to estimated FY 2012.

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<sup>1</sup> Note: Estimates have been updated based on data as of May 9, 2012, are not final, and are subject to change):

**PAYING FOR PUBLIC EDUCATION  
THE IOWA SCHOOL FOUNDATION FORMULA  
(Continued)**

Estimated FY 2013 State School Aid Amounts			
School Aid Funding	Estimated FY 2013	FY 2013	
		Change From FY 2012	Percentage Change
Regular School Aid	\$ 2,281.6	24.6	1.1%
State Categorical Supplements	319.8	3.9	1.2%
Preschool Formula	59.7	1.3	2.3%
<b>Est. Total School Aid Amount</b>	<b>\$ 2,661.1</b>	<b>\$ 29.9</b>	<b>1.1%</b>
<b>PTER Fund</b>	<b>\$ 7.4</b>	<b>\$ 0.7</b>	<b>10.0%</b>
<b>Est. General Fund School Aid Amount</b>	<b>\$ 2,653.7</b>	<b>\$ 29.2</b>	<b>1.1%</b>
<b>Est. School Aid Property Tax</b>	<b>\$ 1,318.7</b>	<b>\$ 4.2</b>	<b>0.3%</b>
<b>Est. Combined District Cost</b>	<b>\$ 3,919.8</b>	<b>\$ 32.4</b>	<b>0.8%</b>

PTER = Property Tax Relief

### Other Provisions with Potential Impacts on School Funding

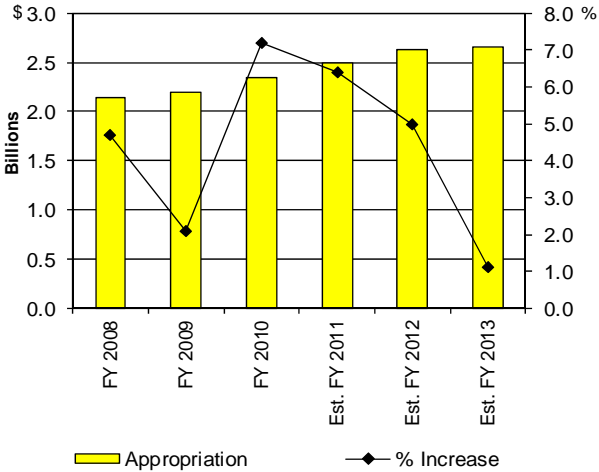
The following provisions that were approved and have a potential impact on funding to school districts and area education agencies (AEAs) include:

- School Dropout Prevention Program and Funding Bill ([SF 451](#)) – The Bill codifies appropriate uses of Returning Dropout and Dropout Prevention Program funding. These changes are effective beginning in FY 2013. Additionally, effective in FY 2014, the Bill caps the modified allowable growth (MAG) ratio (amount of modified allowable growth requested as a ratio to the district total regular program cost) from a maximum of 5.0% to the maximum ratio the school district had between FY 2010 and FY 2013. However, a district with a ratio below 2.5% could request MAG up to a ratio of 2.5%.
- AEA Media Services Funding Requirement Modification (HF 2465) - Removes the requirement that 30.0% of funding for media services be spent on media resource materials. Although there is no fiscal impact, this provision may increase the amount of area education agency funding available for special education support services within each AEA.

Additional school aid information, including estimates by school district, are available from the LSA upon request or from the [school aid estimates](#) LSA website.



## K-12 STATE AID GENERAL FUND APPROPRIATIONS

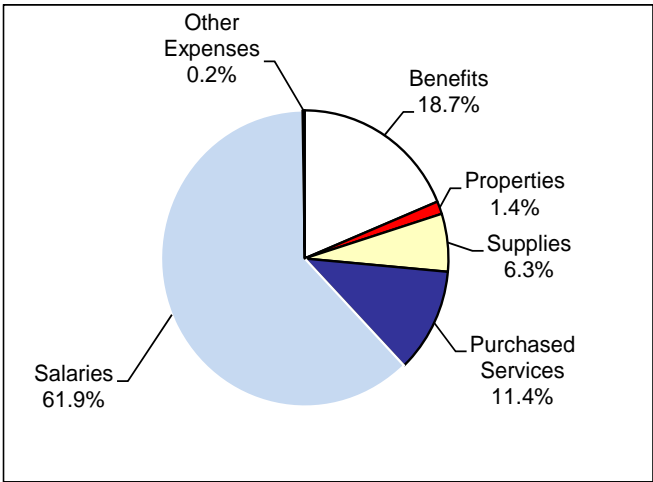


	(Dollars in millions)		
	Appropriations	Change	Change
FY 2008	\$ 2,145.6	\$ 97.3	4.7%
FY 2009	2,191.0	45.4	2.1%
FY 2010	2,349.0	157.9	7.2%
Est. FY 2011	2,499.2	150.2	6.4%
Est. FY 2012	2,624.5	125.3	5.0%
Est. FY 2013	2,653.7	29.2	1.1%

**Notes:**

- 1) FY 2009 - Est. FY 2013 includes Preschool Foundation Aid.
- 2) FY 2009 includes a 1.5% across-the-board State aid adjustment that resulted in a reduction of \$33.4 million. The amount displayed also includes \$40.0 million from the American Recovery and Reinvestment Act (ARRA) Education Stimulus funding.
- 3) FY 2010 is based on a capped appropriation amount and adjusted for a 10.0% across-the-board reduction. Beginning in FY 2010, the State categorical supplements are funded through the school aid formula (\$309.0 million) and are included in the total appropriation amount. Additionally, the total includes \$202.5 million from the ARRA Education Stimulus funding.
- 4) FY 2011 is based on a capped appropriation amount. Additionally, a total of \$47.9 million of ARRA funding and \$5.1 million of Underground Storage Tank funds were used in lieu of State General Fund dollars.

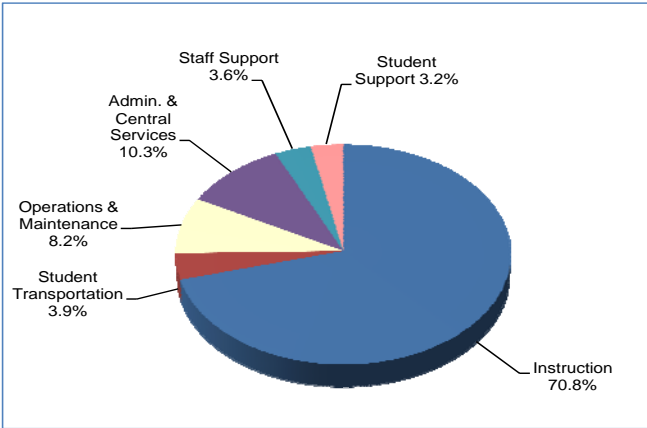
**GENERAL OPERATING EXPENDITURES  
K-12 FOR IOWA SCHOOL YEAR  
2010 - 2011**



Does not total to 100.0% due to rounding.

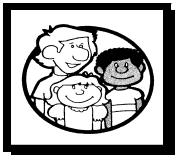
\*Does not include Area Education Agencies

**GENERAL OPERATING EXPENDITURES K-12  
BY FUNCTION FOR IOWA SCHOOL YEAR  
2010 - 2011**



\*Does not include Area Education Agencies

## HUMAN SERVICES PROGRAMS



The Department of Human Services is projected to spend more than \$4.9 billion for all programs, including Medical Assistance (Medicaid), the Family Investment Program, and the Food Stamp Program during FY 2013 (all funding sources). Federal and other nongeneral funds are projected to account for approximately 68.0% of these expenditures. The Medical Assistance Program is projected to serve an average of 405,892 individuals per month during FY 2013. The Family Investment Program is projected to serve an average of 15,418 households each month. The Food Stamp Program is projected to serve an average of 428,451 persons each month during FY 2013.

The Family Investment Program (FIP) provides direct cash grant assistance to needy families when the children are deprived of parental care or support due to absence, death, incapacity, or unemployment of one or both parents. In FY 1997, the federal government began to block grant \$131.5 million to Iowa annually from the Temporary Assistance for Needy Families Block Grant. Revenues from child support recoveries also finance the Program. The Program was created in FY 1994 as part of a welfare reform effort that changed the structure and benefits of the previous Aid to Families with Dependent Children (to reduce economic disincentives to employment).

The Supplemental Nutrition Assistance Program is a federally-funded program administered by the U.S. Department of Agriculture with the goal of preventing hunger and malnutrition. Recipients of the FIP Program are automatically eligible for food stamps. Individuals or families may also qualify for food stamps without receiving FIP benefits.

## HUMAN SERVICES PROGRAMS (Continued)

The Child Support Recovery Unit is responsible for collecting child support for families receiving FIP benefits and other families requesting assistance. Other activities include establishing paternity and child and medical support orders, locating absent parents, and reviewing and adjusting support orders upon the request of either parent.

The Medical Assistance Program (Medicaid) pays for low-income aged, blind, and disabled citizens, residents of institutions, and other low-income Iowans that meet certain criteria. Federal law requires coverage of specified services and eligibility groups. In addition, the State of Iowa is currently covering most of the optional services and eligibility groups for which federal matching funds are available.

The State Children's Health Insurance Program began in FY 1999, including an expansion of medical assistance eligibility for children of families with incomes up to 133.0% of the federal poverty level and coverage up to 300.0% of the federal poverty level in the Healthy and Well Kids in Iowa (hawk-i) using private insurance coverage.

The Foster Care Program provides 24-hour temporary care for children unable to remain in their own homes, while offering services to families and children to implement plans for permanent placement.

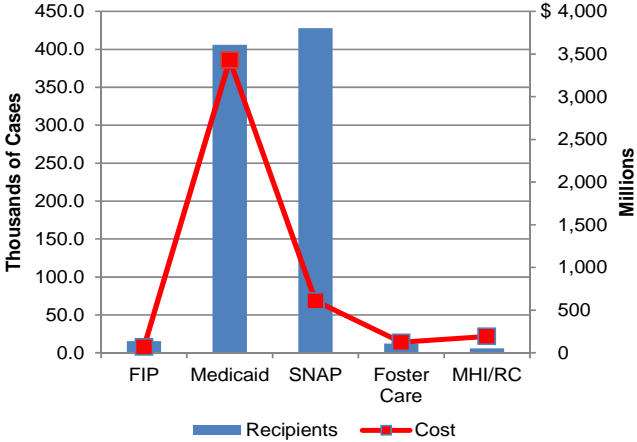
The four mental health institutes, located in Cherokee, Independence, Clarinda, and Mount Pleasant, provide critical access to quality acute psychiatric care for Iowa's adults and children needing mental health treatment, and provide specialized mental health related-services. The specialized services include substance abuse treatment, dual diagnosis treatment for persons with mental illness and substance addiction, psychiatric medical institute for children and long-term psychiatric care for the elderly (gero-psychiatric). The institutes also provide limited outpatient services. Two of the institutes, Clarinda and Mount Pleasant, share campuses and select support resources with adult correctional facilities operated by the Department of Corrections.

**HUMAN SERVICES  
PROGRAMS (Continued)**

The two resource centers, located in Glenwood and Woodward, provide a variety of treatment and outreach services to individuals with mental retardation or other developmental disabilities. The facilities assist residents in reaching their individual goals so they can live in the least restrictive environment of their choice.

The Civil Commitment Unit for Sexual Offenders (CCUSO) provides a secure, long-term, and highly-structured environment for the treatment of sexually violent predators. Patients are offenders that have served their prison terms but in a separate civil trial have been found likely to commit further violent sexual offenses. Established in 1999, CCUSO is located on the campus of the Cherokee Mental Health Institute.

### HUMAN SERVICES MAJOR PROGRAM FUNDING



\* Foster Care = Family Foster Care, Group Care, & Adoption Subsidy.

### PROJECTIONS FOR SFY 2013

	Average Monthly Recipients Per Program	Total Program Cost
FIP (Households)	15,418	\$ 63,091,913
Medicaid	405,892	3,513,287,131
SNAP	428,451	621,161,485
Family Foster Care	2,275	22,137,412
Group Care	986	33,722,529
Adoption Subsidy	8,880	66,589,846
MHI/RC*	619	183,624,524

FIP = Family Investment Program

MHI/RC = Mental Health Institutes/Resource Centers

SNAP = Supplemental Nutrition Assistance Program

\*Mental Health Institute and Resource Center projections based on FY 2013 Conference Committee funding levels but excluding FY 2012 carry forward balances which are not yet finalized.

## CHILDREN'S HEALTH INSURANCE (CHIP) PROGRAM

Congress enacted the Children's Health Insurance Program, with federal funds available on October 1, 1997, to provide insurance for children in families with incomes up to 200.0% of the Federal Poverty Level (FPL). In February of 2009, the President signed an extension of the Program and increased coverage to children in families with incomes up to 300.0% of the FPL. The extension also included an option for dental only coverage for children in families up to 300.0% of the FPL that already have health insurance.

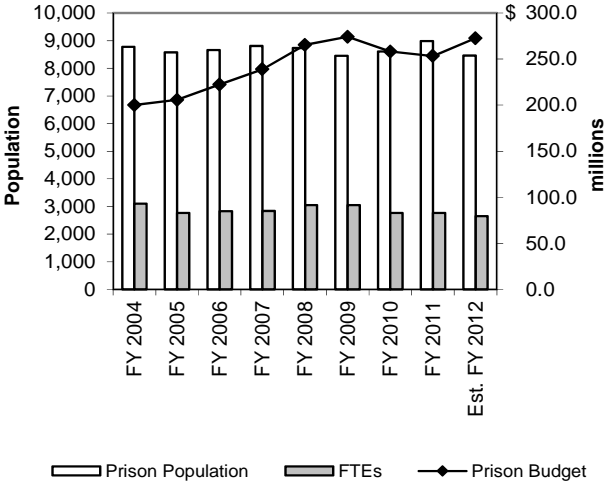
The **hawk-i** Program was enacted in 1998, establishing a private insurance program for children in families with incomes between 133.0% and 185.0% of the FPL. The Program was expanded to 200.0% in 2003. Senate File 389 (FY 2010 Health Care Reform II Act) expanded coverage to children up to 300.0% of the FPL with a dental only option for children that currently have insurance.

[Senate File 2336](#) (FY 2013 Health and Human Services Appropriations Bill) appropriates \$36.8 million to fully fund the **hawk-i** Program for FY 2013.

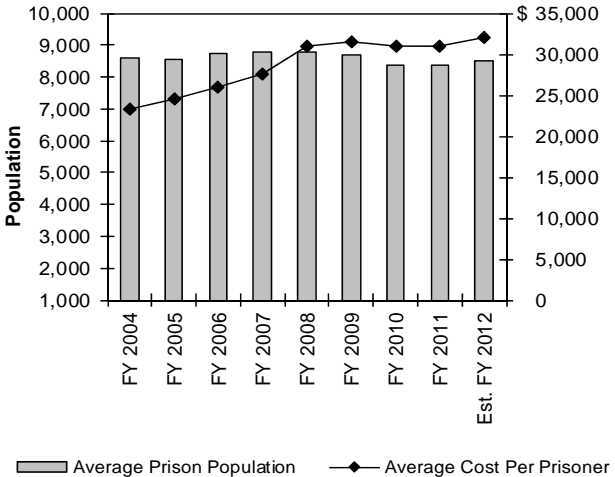
The U.S. Census Bureau estimates that there are currently 711,600 children in Iowa. As of March 2012, 56,121 children were enrolled in the **hawk-i** Program and 228,689 children were enrolled in the Medicaid Program.



**YEAR-END PRISON POPULATION, STAFFING, AND BUDGET**



**AVERAGE PRISON POPULATION AND AVERAGE ANNUAL COST PER PRISONER**



## IOWA'S TRANSPORTATION FUNDS

The Road Use Tax Fund is comprised of revenue sources that include taxes on fuels and fees collected from vehicle registrations. Prior to FY 2009, a use tax was collected on motor vehicle purchases and related equipment that was deposited in the Road Use Tax Fund.



Except for administrative costs, all vehicle registration fees and motor vehicle fuel taxes are constitutionally mandated to be spent exclusively for the construction, maintenance, and supervision of the State's public highways (Section 8, Article VII, Constitution of the State of Iowa). The use tax on motor vehicles and equipment, however, was exempt from the constitutional mandate.

[Senate File 2420](#) (TIME-21 Transportation Funding Act), enacted during the 2008 Legislative Session, replaced the motor vehicle use tax with a Fee for New Registration for the purpose of constitutionally protecting the revenues to be spent for road-related purposes.

A portion of the Road Use Tax Fund revenues is appropriated either through standing appropriations established in the Iowa Code or through the annual appropriations process. These expenditures are referred to as "off-the-top" allocations, and are used to fund programs, equipment purchases, and department operations. After the off-the-top allocations are funded, the remaining revenues are distributed based on formulas to the Primary, Secondary, Farm-to-Market, and Street Construction Funds. The formulas remain unchanged under Senate File 2420; however, certain provisions of the Act affected the funding structure of the Road Use Tax Fund beginning in FY 2009.

## IOWA'S TRANSPORTATION FUNDS (Continued)

The following table shows estimated Road Use Tax Fund revenues, allocations, and distributions for FY 2012 through FY 2014 based on the Department of Transportation's (DOT) five-year forecast.

### ROAD USE TAX FUND PROJECTED RECEIPTS, ALLOCATIONS, AND DISTRIBUTIONS FY 2012 – FY 2014 (\$ in millions)

	Estimated FY 2012	Estimated FY 2013	Estimated FY 2014
<b>Receipts</b>			
Motor Vehicle Registration Fees	\$ 439.8	\$ 450.6	\$ 458.7
Transfer to TIME-21 Fund (Veh. Reg. Fees*)	-102.5	-117.5	-122.8
<b>Total Motor Vehicle/Carrier Registration Fees</b>	<u>337.3</u>	<u>333.1</u>	<u>335.9</u>
Motor Vehicle Fuel Tax	\$ 437.9	\$ 456.9	\$ 466.1
Fee for New Registration	251.1	253.6	255.7
Interest	5.2	6.2	7.5
Underground Storage Tank Fees	21.0	21.6	22.1
Other**	15.2	16.8	15.4
Transfer from Statutory Allocations Fund	18.0	14.7	15.6
<b>Total Receipts</b>	<u>\$ 1,085.7</u>	<u>\$ 1,102.9</u>	<u>\$ 1,118.3</u>
<b>Total Allocations</b>	<u>\$ 161.4</u>	<u>\$ 163.1</u>	<u>\$ 166.1</u>
<b>Total Available for Distribution</b>	<u>\$ 924.3</u>	<u>\$ 939.8</u>	<u>\$ 952.1</u>
<b>Distribution</b>			
Primary Road Fund (47.5%)	\$ 439.0	\$ 446.4	\$ 452.3
Secondary Road Fund (24.5%)	226.5	230.3	233.3
Farm-To-Market Road Fund (8.0%)	73.9	75.2	76.2
Street Construction Fund (20.0%)	184.9	188.0	190.4
<b>Total Formula Allocation</b>	<u>\$ 924.3</u>	<u>\$ 939.8</u>	<u>\$ 952.1</u>

NOTE: Numbers may not equal totals due to rounding.

\* Includes motor carrier fees & prorate.

\*\* Includes miscellaneous licenses, permits, and fees and adjustments.

**IOWA'S TRANSPORTATION FUNDS  
(Continued)**

**Transfer of Jurisdiction Fund**

Beginning in FY 2004, the jurisdiction and control of approximately 700 miles of primary (State) roads, classified as Local Service Roads, were transferred to cities and counties. As a result, 1.75% of Primary Road Fund moneys are transferred annually to a Transfer of Jurisdiction Fund. The allocation, effective until the end of FY 2013, is distributed to cities and counties by formula. The Transfer of Jurisdiction Fund sunsets on June 30, 2013. After the sunset, the 1.75% will be distributed as follows: 90.0% to the counties' Secondary Road Fund and 10.0% to the cities' Street Construction Fund.

The following table shows estimated Jurisdiction Fund revenues and distributions for FY 2012 – FY 2013, based on the DOT's five-year forecast.

**TRANSFER OF JURISDICTION FUND  
PROJECTED RECEIPTS AND DISTRIBUTION  
FY 2012 - FY 2013  
(\$ in millions)**

	Estimated FY 2012	Estimated FY 2013
<b>Total Receipts*</b>	<u>\$ 8.1</u>	<u>\$ 8.3</u>
<b>Distribution</b>		
Cities and counties that assumed jurisdiction of primary roads (75.0%)		
Secondary Road Fund (90.0%)	\$ 5.5	\$ 5.6
Street Construction Fund - (10.0%)	0.6	0.7
Secondary Road Fund - all counties (22.5%)	1.8	1.9
Street Construction Fund - all cities (2.5%)	0.2	0.2
<b>Total Distribution</b>	<u>\$ 8.1</u>	<u>\$ 8.4</u>

NOTE: Numbers may not equal totals due to rounding.

\* 1.75% of Primary Road Fund

## IOWA'S TRANSPORTATION FUNDS (Continued)

The Statutory Allocations Fund (SAF) includes items that were funded from the motor vehicle use tax prior to its repeal in FY 2009. The following table shows estimated Statutory Allocations Fund revenues and distributions for FY 2012 – FY 2014, based on the DOT's five-year forecast.

### STATUTORY ALLOCATIONS FUND PROJECTED RECEIPTS AND DISTRIBUTION FY 2012 - FY 2014 (\$ in millions)

	Estimated FY 2012	Estimated FY 2013	Estimated FY 2014
<b>Receipts</b>			
Driver's License Fees*	\$ 7.7	\$ 12.5	\$ 16.7
Trailer Registration Fees	7.9	8.1	8.3
Trailer Fee for New Registration	11.4	11.5	11.6
Title/Salvage Title Fees	7.3	7.4	7.4
Title Surcharge Fees	4.8	4.9	4.9
Use Tax**	1.3	1.3	1.4
Car Rental Tax	2.9	2.9	3.0
IA Apportionment Commercial Truck Title Fee	0.8	0.8	0.8
<b>Total Receipts</b>	<b>\$ 44.1</b>	<b>\$ 49.4</b>	<b>\$ 54.0</b>
<b>Distribution</b>			
Underground Storage Tank Fund	\$ 14.0	\$ 14.0	\$ 14.0
Renewable Fuel Infrastructure Fund*	3.0	3.0	3.0
Public Transit Assistance	10.6	10.7	10.8
Motorcycle Rider Education Fund	0.4	0.6	0.8
Special Plate Funds	1.5	1.5	1.5
<b>Total Distribution</b>	<b>\$ 29.4</b>	<b>\$ 29.8</b>	<b>\$ 30.1</b>
<b>Balance transfer to RUTF**</b>	<b>14.7</b>	<b>19.6</b>	<b>23.9</b>

\*Includes motorcycle driver's license fees and nonoperator ID fees.

\*\*Includes the use tax on mobile homes, manufactured homes, and leased vehicles not subject to registration.

NOTE: Numbers may not equal totals due to rounding.

\*The allocation to the Renewable Fuel Infrastructure Fund became effective July 1, 2011, after the enactment of SF 531 (Biofuel Retail and Production Incentives Act) during the 2011 Legislative Session.

\*\* Due to accounting procedures, the balance of SAF transfers to RUTF in the next fiscal year.

**IOWA'S TRANSPORTATION FUNDS  
(Continued)**

**TIME - 21 FUND**

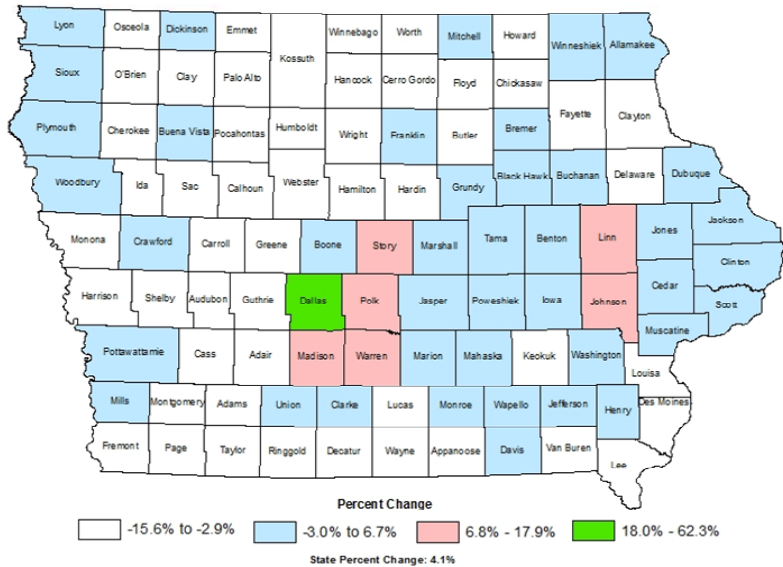
The TIME-21 Fund includes revenues generated from a portion of motor vehicle and trailer registration fees, and title and salvage title fees. The revenues are allocated to the State, cities, and counties based on formula. The following table shows estimated TIME-21 Fund revenues and allocations for FY 2012 – FY 2014 based on the DOT's five-year forecast.

**TIME-21 FUND  
PROJECTED RECEIPTS AND DISTRIBUTION  
FY 2012 - FY 2014  
(\$ in millions)**

	Estimated FY 2012	Estimated FY 2013	Estimated FY 2014
<b>Receipts</b>			
Trailer Reg. Fee Increase	\$ 9.8	\$ 10.1	\$ 10.4
Title & Salvage Title Fee Increase	9.7	9.8	9.9
Motor Vehicle Registration Fees	102.5	117.5	122.8
Interest	0.0	0.0	0.0
<b>Total Receipts</b>	<u>\$ 122.0</u>	<u>\$ 137.4</u>	<u>\$ 143.0</u>
 <b>Distribution</b>			
Primary Road Fund (60.0%)	\$ 73.2	\$ 82.4	\$ 85.8
Secondary Road Fund (20.0%)	24.4	27.5	28.6
Street Construction Fund (20.0%)	24.4	27.5	28.6
<b>Total Distribution</b>	<u>\$ 122.0</u>	<u>\$ 137.4</u>	<u>\$ 143.0</u>

NOTE: Numbers may not equal totals due to rounding.

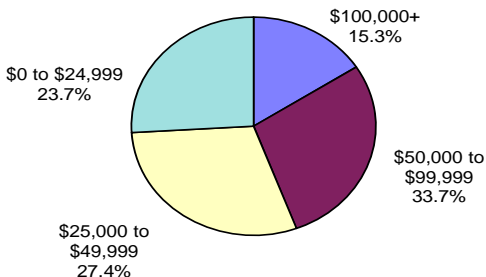
## IOWA'S POPULATION CHANGE BY COUNTY 2000 - 2010



- Iowa's population is 3,046,355 according to the 2010 census.
- In 2010, Iowa's population was 91.3% White, 2.9% Black, 0.4% American Indian, 1.7% Asian, and 3.7% other.
- Persons of Hispanic or Latino origin reflect 5.0% of Iowa's population, compared to 16.3% for the nation.
- Iowa experienced a 4.1% growth in population from 2000 to 2010, while the national population grew by 9.7%.
- Dallas County reported the greatest gains in population, increasing by 62.3% from 2000 to 2010. Pocahontas County experienced the largest decline, with a loss of 15.6% during the same period.
- Just under 50.0% of the State's population resides in 10 counties in the State. These include Polk, Linn, Scott, Black Hawk, Johnson, Woodbury, Dubuque, Pottawattamie, Story, and Dallas counties.
- Polk County is the most populous county in the State with 430,640 people, and grew by 15.0% from 2000 to 2010.

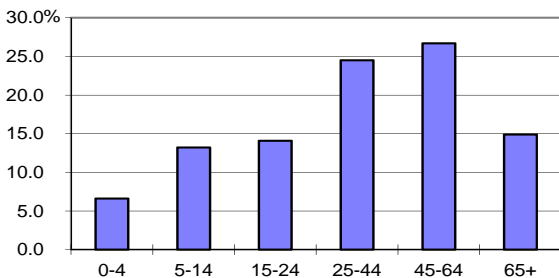
## IOWA'S POPULATION

## HOUSEHOLD INCOME



Does not add to 100.0% due to rounding.

- Iowa's estimated median household income based on the 2006-2010 American Community Survey (ACS) is \$48,872.
- Iowa's average household size is 2.41 according to the 2010 Census.



## AGE DISTRIBUTION OF IOWANS

- The median age of an Iowan is 38.1 compared to the national average of 37.2.
- The percentage of Iowans age 65 or older is 14.9% compared to the national average of 13.0%.



**IOWA'S POPULATION (Continued)**

- The estimated percent of the Iowa population age 15 years and older that are married is 54.8% according to the 2006-2010 ACS.
- The estimated percent of the Iowa population age 15 years and older that are divorced is 10.1% according to the 2006-2010 ACS.
- The estimated percent of unmarried women between age 15 and 50 years old that gave birth in the past 12 months is 30.2% according to the 2006-2010 ACS.
- In 2009, the infant death rate per 1,000 live births was 4.5.
- The estimated percent of the noninstitutionalized population in Iowa with health insurance coverage is 91.0%, ranking sixth in the nation, according to the 2008-2010 ACS.
- The estimated percent of Iowa's population age 25 and older graduating high school is 89.9%, compared to 85.0% for the nation, according to the 2006-2010 ACS.
- The estimated percent of Iowa's population age 25 and older with a bachelor's degree or higher is 24.5%, compared to 27.9% for the nation, according to the 2006-2010 ACS.
- Iowa's four-year graduation rate for the class of 2011 was 88.3%, compared to 88.8% for the class of 2010.
- Iowa's high school dropout rate was 3.38% in the 2010-2011 school year, compared to 3.41% in the 2009-2010 school year
- In 2010, Iowa had 273.5 violent crimes (murder, nonnegligent manslaughter, forcible rape, robbery, aggravated assault, property crime, burglary, larceny and motor vehicle theft) per 100,000 inhabitants.
- During 2010, Iowa reported the largest percentage increase (7.3%) in its state prison population, followed by Illinois (up 7.2%), and Arkansas (up 6.5%).

## IOWA'S POPULATION (Continued)

- Men comprise 78.8% of the Iowa inmate population. As of July 1, 2011, 75.1% of the Iowa inmate population was White, 17.1% was African American, 5.3% was Hispanic, 1.2% was American Indian, 0.9% was Asian, and 0.4% is unknown.
- As of July 1, 2011, 47.8% of the Iowa inmate population was under 31 years of age, 41.7% were age 31-50, and 10.5% were over the age of 50.
- In 2010, the percent of owner-occupied housing units in Iowa was 72.1% compared to the national average of 65.1%.

## Estimated Iowa Employment

Agriculture, forestry, fishing and hunting, and mining	62,943	4.1%
Construction	98,644	6.3%
Manufacturing	232,877	15.0%
Wholesale trade	50,706	3.3%
Retail trade	179,217	11.5%
Transportation and warehousing, and utilities	75,119	4.8%
Information	33,549	2.2%
Finance and insurance, and real estate and rental and leasing	119,194	7.7%
Professional, scientific, and management, and administrative and waste management services	102,220	6.6%
Educational services, and health care and social assistance	365,550	23.5%
Arts, entertainment, and recreation, and accommodation and food services	115,963	7.5%
Other services, except public administration	67,249	4.3%
Public administration	50,363	3.2%
Total civilian employed population 16 years and over:	<u>1,553,594</u>	<u>100.0%</u>

Source: 2006-2010 American Community Survey (ACS)