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## BUDGET UNIT BRIEF – FY 2022

Fiscal Services Division

July 1, 2021



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

# Consolidated Farm Operations Revolving Fund

## Purpose

Historically, the State institutions (prisons and the Department of Human Services' residential facilities) operated farms to offset operating costs. The farms provided food and generated work for the institutions' residents. The General Assembly eliminated the Department of Social Services by dividing it into the Department of Corrections (DOC) and the Department of Human Services (DHS) in 1983. The responsibility for managing the farms was given to the newly created DOC in cooperation with the DHS. Iowa Code section [904.302](#) allows for the appointment of a farm operations administrator to manage and supervise the farming operations of the DOC and DHS.

## Fund Created

Iowa Code section [904.706](#) creates the Revolving Farm Fund (also referred to as the Consolidated Farm Operations Revolving Fund) to provide a funding mechanism for prison farm operations. The farms are maintained on a cash basis accounting system. Profits and losses generated by the prison farms flow through this Fund. All income generated from renting DHS farms is deposited in the Consolidated Farm Operations Revolving Fund. The Fund's year-end balance carries forward to the next fiscal year. No State appropriations support the prison farms; they must generate a net profit to remain in business.

Annual financial reporting is required on a calendar year (CY) basis. Iowa Code section [904.706](#) also requires the Governor, the chairpersons and ranking members of the House and Senate Appropriations Committees, and the chairpersons and ranking members of the Justice System Appropriations Subcommittee or the Health and Human Services Appropriations Subcommittee to be notified before any farm operation is phased out or farmland is sold. Iowa Code section [904.317](#) permits the DOC Director to buy and sell real estate and sets the parameters of any acquisition or sale of real estate.

## Current Situation

Iowa Prison Industries (IPI) manages farmland owned by the DOC and the DHS through an agreement between the two departments. IPI manages approximately 4,800 acres of farmland divided among crop ground, pasture or timber, and farmland rented out. Operating farms are located at Anamosa, Fort Madison, Newton, Mitchellville, and Rockwell City, and farmland is rented in multiple Iowa cities. The IPI began paying property taxes on rented farmland beginning in CY 2007.

The farming operation includes row crops, cattle, garden/greenhouse, and rent. In addition to renting to local farmers, the IPI rents to other State agencies and private nonprofit corporations. Past and present rental agreements include: the Clarinda Youth Corporation renting 20 acres for its program for at-risk or

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## More Information

Department of Corrections: [doc.iowa.gov](http://doc.iowa.gov)

Iowa Prison Industries: [iaprisonind.com](http://iaprisonind.com)

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delinquent youth; the Animal Rescue League (ARL) renting 10 acres at Rockwell City for rescued horses; Mitchellville entering into a joint venture with Iowa State University (ISU) for planting trees on one acre; and the Department of Natural Resources (DNR) renting eight acres in total at Fort Madison, Mitchellville, and Rockwell City for State nursery seedlings, wildflowers, and prairie grasses. Iowa Code section [904.705](#) permits the DOC to operate forestry nurseries in cooperation with the DNR.

**Related Statutes and Administrative Rules**

Iowa Code chapter [904](#)

Iowa Code sections [904.302](#), [904.317](#), [904.705](#), and [904.706](#)

Iowa Administrative Code [201](#)

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