




TERRY E. BRANSTAD, GOVERNOR
KIM REYNOLDS, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT
David Roederer, Director

MEMORANDUM

TO: Representative Linda Upmeyer Senator Pam Jochum
 Representative Chis Hagenow Senator Mike Gronstal
 Representative Mark D. Smith Senator Bill Dix
 Representative Pat Grassley Senator Robert Dvorsky

FROM: David Roederer, Director 

DATE: March 31, 2016

RE: Updated FY2016_FY2017 General Fund Balance Sheet and related documents

The Revenue Estimating Conference (REC) met on March 16, 2016 to review the Fiscal Year 2016 and Fiscal Year 2017 General Fund revenue estimates. After accounting for enacted federal law changes passed after the December 2016 REC meeting, the REC for Fiscal Year 2017 lowered the General Fund revenue estimate \$46.4 million.

Iowa Code 8.21 requires that if the REC lowers the revenue estimate being used in the budget process, the Governor shall transmit recommendations for a budget in conformance of the revised revenue estimate in fourteen days. Also, the Governor incorporates passed legislation which impacts the General Fund budget. These include House File 2433, Internal Revenue Code Update and Manufacturing Consumables bill, and Senate File 174 and Senate File 175, which establish the percent of growth for Supplemental State Aid.

Governor's recommended appropriation adjustments equal \$8.2 million in difference of supplemental state aid agreed upon in Senate File 174 and Senate File 175, and Medicaid adjustment of \$29.5 million. We look forward to conversations with leadership in both the House and Senate on remaining amounts.

As always, if there are any questions, please don't hesitate to contact my office.

State of Iowa

Estimated Condition of the General Fund

Financial Summary

(\$ in Millions)

	FY2015 Actual	FY2016		FY2017	
		Governor's Recommendation	Governor's Revised Recommendation	Governor's Recommendation	Governor's Revised Recommendation
Estimated Funds Available:					
December 2015 REC Net General Fund Receipts	\$ 6,819.7	\$ 7,045.6	\$ 7,045.6	\$ 7,327.4	\$ 7,327.4
Federal Legislation		2.0	2.0	76.4	76.4
March 2016 REC			(2.0)		(46.4)
Revenue Adjustments	-	(2.1)	(97.6)	(27.9)	22.9
Excess from Reserve Funds	647.2	367.3	367.3	143.3	45.6
Total Funds Available	7,466.9	7,412.8	7,315.3	7,519.2	7,425.9
<i>Expenditure Limitation</i>					
				\$ 7,445.1	\$ 7,351.1
Estimated Appropriations:					
Appropriations	7,050.4	7,174.3	7,174.3	7,412.1	7,351.1
Adjustment to Standing Appropriations	13.0	-	-	-	-
Recommended Supplemental Appropriations	-	72.6	72.4	-	-
Total Appropriations	7,063.4	7,246.9	7,246.7	7,412.1	7,351.1
Reversions-operations	(7.2)	(5.0)	(5.0)	(5.0)	(5.0)
Reversions-Item Vetoes	-	(1.7)	(1.7)	-	-
Net Appropriations	7,056.2	7,240.2	7,240.0	7,407.1	7,346.1
Ending Balance	\$ 410.7	\$ 172.6	\$ 75.3	\$ 112.1	\$ 79.8
Distribution of Ending Balance					
Reserve Funds	(410.7)	(172.6)	(75.3)	(112.1)	(79.8)
Total	\$ -	\$ -	\$ -	\$ -	\$ -

State of Iowa

Estimated Condition of the Cash Reserve, GAAP, and Economic Emergency Funds

(\$ in Millions)

	FY2015 Actual	FY2016		FY2017	
		Governor's Recommendation	Governor's Revised Recommendation	Governor's Recommendation	Governor's Revised Recommendation
<u>Cash Reserve Fund</u>					
Balance Brought Forward	\$ 489.3	\$ 523.3	\$ 523.3	\$ 539.0	\$ 539.0
Estimated Revenues:					
Prior Fiscal Year Ending Balance	706.8	410.7	410.7	172.6	75.3
Intrastate Receipts	1.0				
Total Funds Available	1,197.1	934.0	934.0	711.6	614.3
Appropriations					
Net Appropriations	-	-	-	-	-
Reversions	-				
Transfer to GAAP Retirement Account	(673.8)	(395.0)	(395.0)	(158.4)	(60.8)
Ending Balance - Cash Reserve Fund	\$ 523.3	\$ 539.0	\$ 539.0	\$ 553.2	\$ 553.5
<i>Cash Reserve Fund Goal (7.5%)</i>	\$ 522.3	\$ 539.0	\$ 539.0	\$ 553.2	\$ 553.5
<u>Economic Emergency Fund</u>					
Balance Brought Forward	\$ 180.6	\$ 174.5	\$ 174.5	\$ 179.7	\$ 179.7
Estimated Revenues:					
Transfer From GAAP Retirement Account	673.8	395.0	395.0	158.4	60.8
Other Receipts	-	-	-	-	-
Total Funds Available	854.4	569.5	569.5	338.1	240.5
Standing Appropriation for Performance of Duty	(32.7)	(22.5)	(22.5)	(10.4)	(10.4)
Adjustment to Standing Appropriation for Performance of Duty		-	-		
Transfer To Taxpayer Trust Fund	-	-	-		
Transfer to General Fund	(647.2)	(367.3)	(367.3)	(143.3)	(45.6)
Total Transfers Out:	(679.9)	(369.8)	(369.8)	(153.7)	(56.0)
Ending Balance - Economic Emergency Fund	\$ 174.5	\$ 179.7	\$ 179.7	\$ 184.4	\$ 184.5
<i>Economic Emergency Fund Goal (2.5%)</i>	\$ 174.1	\$ 179.7	\$ 179.7	\$ 184.4	\$ 184.5
Total Reserve Funds	\$ 697.8	\$ 718.7	\$ 718.7	\$ 737.6	\$ 738.0

State of Iowa

General Fund Revenue

Governor's Recommended Revenue Adjustments

(\$ in Millions)

	FY2016		FY2017	
	Governor's Recommendation	Governor's Revised Recommendation	Governor's Recommendation	Governor's Revised Recommendation
Revenue Adjustments:				
Governor's Original IRC Bill	(2.1)		(27.2)	
HF 2433-IRC Update and Manufacturing Consumables		(97.6)		23.6
DIA-Fees			(0.7)	(0.7)
Total Revenue Adjustments	\$ (2.1)	\$ (97.6)	\$ (27.9)	\$ 22.9

State of Iowa

Governor's Recommended Supplemental Appropriations

General Fund

FY2016

(\$ in Millions)

	<u>Governor's Recommendation</u>	<u>Governor's Revised Recommendation</u>
General Fund Supplemental Appropriations		
DHS - Medical Assistance	67.0	67.0
State Public Defender-Indigent Defense	3.0	3.0
Corrections-Shared Services	1.9	1.9
DAS-Utilities	0.7	0.5
Total General Fund Supplemental Appropriations	<u>\$ 72.6</u>	<u>\$ 72.4</u>

State of Iowa

Governor's Recommended Appropriation Adjustments

General Fund

FY2017

(\$ in Millions)

	<u>Amount</u>
Governor's Appropriation Amount	7,412.1
Supplemental State Aid at 2.25% (SF174 & SF175)	(8.2)
Medicaid Adjustment	(29.5)
Other Adjustments to be agreed upon	(23.3)
Governor's Revised Appropriation Amount	<u>\$ 7,351.1</u>

State of Iowa

Calculation of Statutory Expenditure Limit

Fiscal Year 2017

(\$ in Millions)

	Governor's Recommendation		
	Proposed FY2017	% Calculation	FY17 Expenditure Limitation
Fiscal Year 2017			
December 2015 REC Estimate	7,327.4	99%	7,254.1
Federal Legislation	76.4	99%	75.6
Transfer/Revenue Adjustments:			
Governor's Original IRC Bill	(27.2)	100%	(27.2)
DIA-Fees	(0.7)	100%	(0.7)
Total Funds Available	<u>7,375.9</u>		<u>7,301.8</u>
Transfer from Economic Emergency Fund			143.3
FY2017 Expenditure Limitation			<u>\$ 7,445.1</u>

	Governor's Revised Recommendation		
	Proposed FY2017	% Calculation	FY17 Expenditure Limitation
Fiscal Year 2017			
December 2015 REC Estimate	7,327.4	99%	7,254.1
Federal Legislation	76.4	99%	75.6
March 2016 REC Changes	(46.4)	99%	(45.9)
Transfer/Revenue Adjustments:			
HF 2433-IRC Update and Manufacturing Consumables	23.6	95%	22.4
DIA-Fees	(0.7)	100%	(0.7)
Total Funds Available	<u>7,380.3</u>		<u>7,305.5</u>
Transfer from Economic Emergency Fund			45.6
FY2017 Expenditure Limitation			<u>\$ 7,351.1</u>

State of Iowa

Calculation of Cash Reserve Fund and Economic Emergency Fund Percentage Goals Fiscal Year 2015/Fiscal Year 2016/Fiscal Year 2017 (\$ in Millions)

Fiscal Year 2015	
December 2013 Revenue Estimating Conference Net Receipts Estimate	\$ 6,983.2
2014 Session Revenue Adjustments for FY2015	(19.6)
Total	<u>\$ 6,963.6</u>
Cash Reserve Fund 7.5% Goal	\$ 522.3
Economic Emergency Fund 2.5% Goal	\$ 174.1

Fiscal Year 2016	
March 2015 Revenue Estimating Conference Net Receipts Estimate	\$ 7,175.5
2015 Revenue Adjustments for FY2016	11.2
Total	<u>\$ 7,186.7</u>
Cash Reserve Fund 7.5% Goal	\$ 539.0
Economic Emergency Fund 2.5% Goal	\$ 179.7

Governor's Recommendation Fiscal Year 2017	
December 2015 Revenue Estimating Conference Net Receipts Estimate	\$ 7,327.4
Federal Changes	76.4
2016 Session Governor's Proposed Revenue Adjustments for FY2017	(27.9)
Total	<u>\$ 7,375.9</u>
Cash Reserve Fund 7.5% Goal	\$ 553.2
Economic Emergency Fund 2.5% Goal	\$ 184.4

Governor's Revised Recommendation Fiscal Year 2017	
December 2015 Revenue Estimating Conference Net Receipts Estimate	\$ 7,327.4
Federal Changes	76.4
March 2016 REC Changes	(46.4)
2016 Session Governor's Proposed Revenue Adjustments for FY2017	22.9
Total	<u>\$ 7,380.3</u>
Cash Reserve Fund 7.5% Goal	\$ 553.5
Economic Emergency Fund 2.5% Goal	\$ 184.5