

# Taxpayers Association of Central Iowa

## Understanding the State Budget

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Director, Iowa Department of Management

Director, Iowa Department of Revenue

February 9, 2022

# Department of Management

- Iowa Code Section 8.4

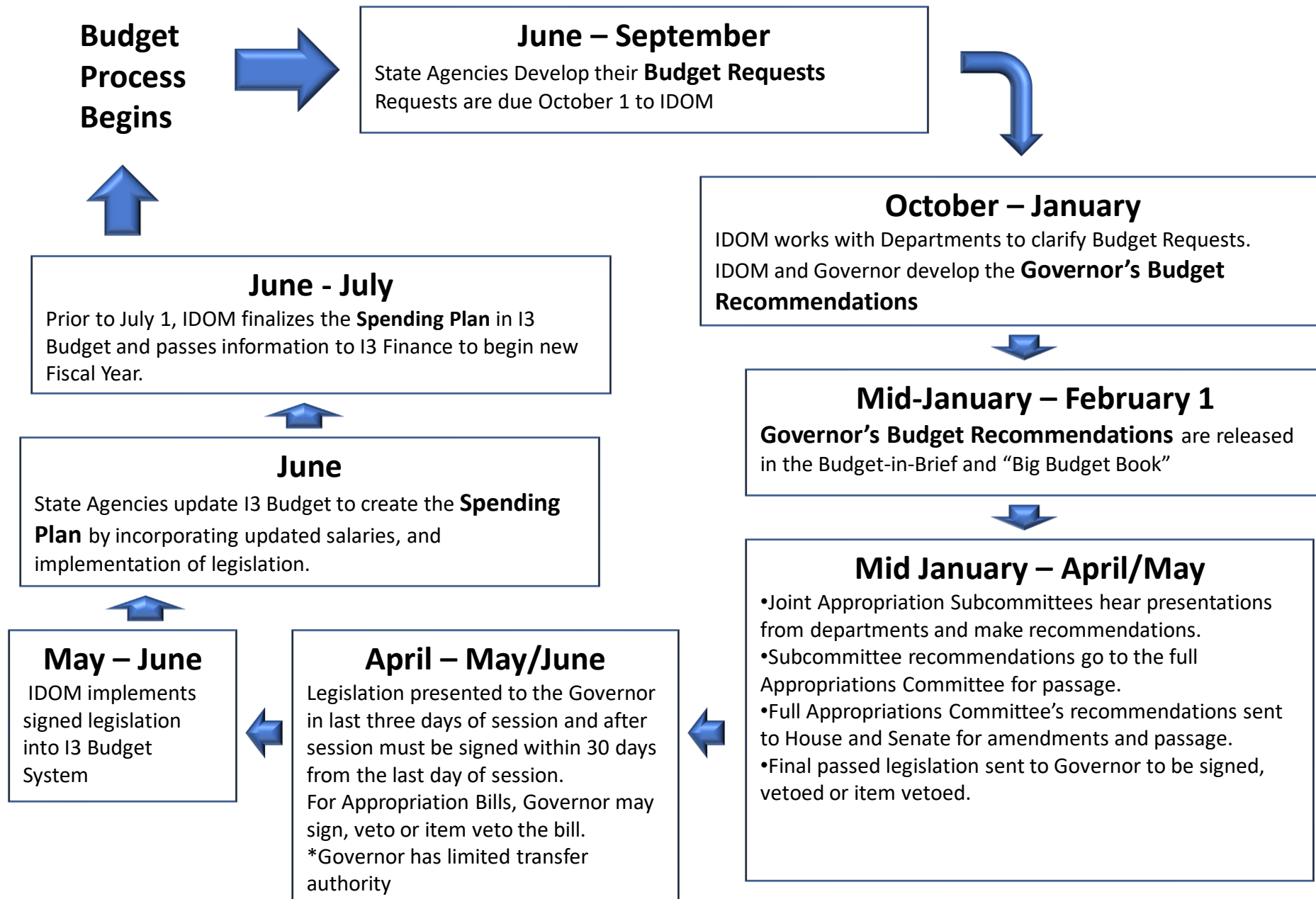
“The department of management is created, which is directly attached to the office of the governor and under the general direction, supervision, and control of the governor.”

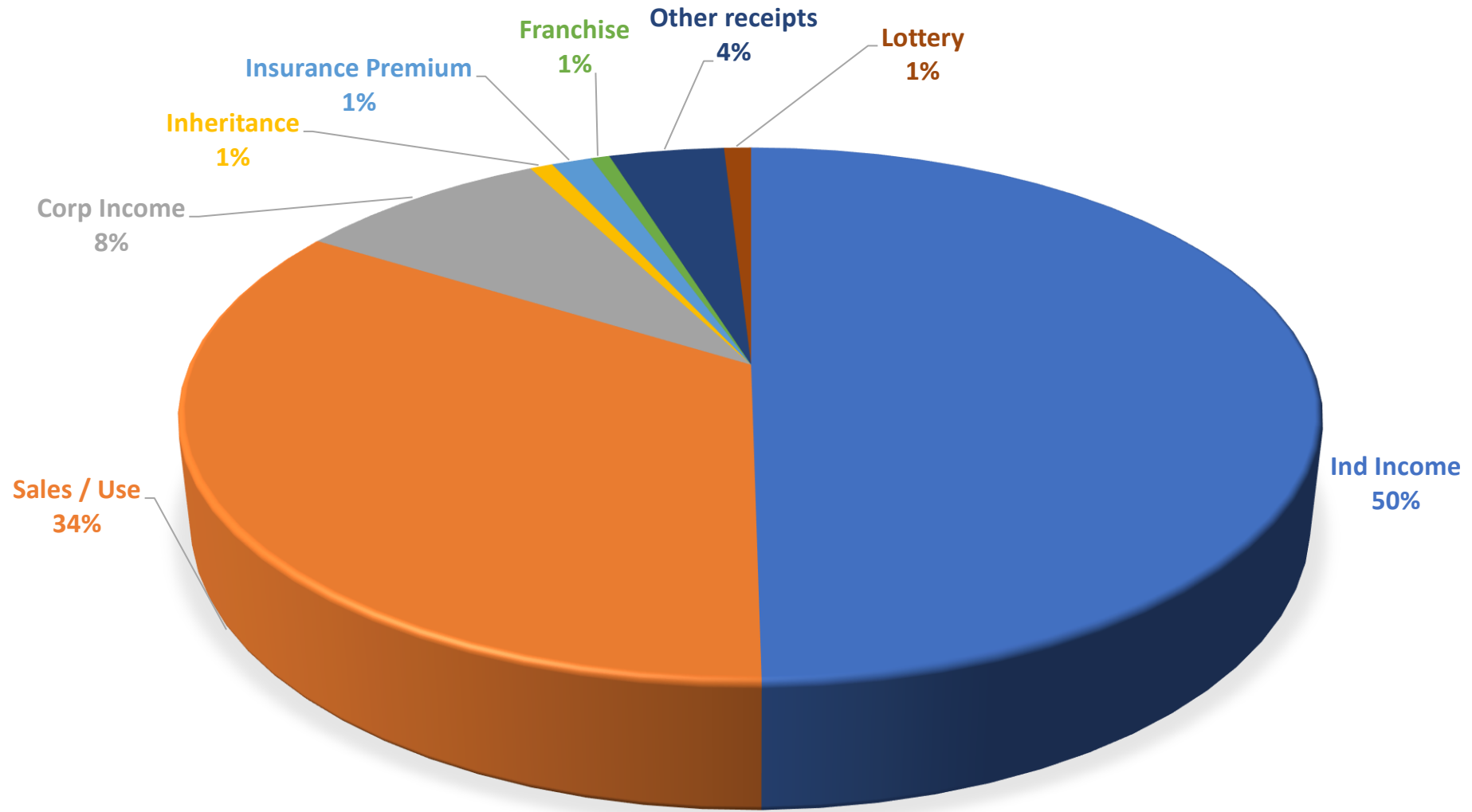
- Mission

The Department of Management leads budgeting, performance and accountability systems for Iowa state government.

# Budgeting principles (modified cash basis)

- Code
  - Expenditure limitation
  - GAAP principles apply
- Governor Reynolds'
  - Maintaining the reserve funds and keeping them full
  - One-time funding for one-time purposes
  - Biennial budgeting
  - Long-term planning





**GROSS GENERAL FUND REVENUES**

**REVENUE ESTIMATING CONFERENCE**  
**ESTIMATE OF GENERAL FUND RECEIPTS**  
 December 13, 2021  
 (\$ in millions)

	FY19	FY20	FY21	% Change	10/21 REC	% Change	12/21 REC	% Change	10/21 REC	% Change	12/21 REC	% Change
	ACTUAL	ACTUAL	ACTUAL	FY 20 Act vs.	FY22	FY 22 Est vs.	FY22	FY 22 Est vs.	FY 23	FY 23 Est vs.	FY 23	FY 23 Est vs.
				FY 19 Act	ESTIMATE	FY 21 Act	ESTIMATE	FY 21 Act	ESTIMATE	FY 22 Est	ESTIMATE	FY 22 Est
<b>TAX RECEIPTS</b>												
Personal Inc. Tax	4,944.0	4,652.0	5,434.5	16.8%	5,317.9	-2.1%	5,391.5	-0.8%	5,400.3	1.5%	5,484.5	1.7%
Sales/Use Tax	3,045.5	3,176.1	3,512.3	10.6%	3,634.1	3.5%	3,695.6	5.2%	3,751.4	3.2%	3,816.2	3.3%
Corporate Income Tax	706.3	648.7	983.8	51.7%	884.2	-10.1%	928.2	-5.7%	920.1	4.1%	922.1	-0.7%
Inheritance Tax	80.7	81.5	94.5	16.0%	84.1	-11.0%	84.3	-10.8%	67.6	-19.6%	69.5	-17.6%
Insurance Premium Tax	153.4	143.5	144.0	0.3%	144.7	0.5%	147.7	2.6%	147.6	2.0%	154.5	4.6%
Beer Tax	13.5	9.8	17.7	80.6%	18.1	2.3%	19.4	9.6%	18.5	2.2%	19.4	0.0%
Franchise Tax	59.6	67.9	69.9	2.9%	69.9	0.0%	67.8	-3.0%	67.3	-3.7%	72.1	6.3%
Miscellaneous Tax	14.1	24.9	22.9	-8.0%	22.7	-0.9%	18.8	-17.9%	22.7	0.0%	18.8	0.0%
<b>Total Tax Receipts</b>	<b>9,017.1</b>	<b>8,804.4</b>	<b>10,279.6</b>	<b>16.8%</b>	<b>10,175.7</b>	<b>-1.0%</b>	<b>10,353.3</b>	<b>0.7%</b>	<b>10,395.5</b>	<b>2.2%</b>	<b>10,557.1</b>	<b>2.0%</b>
<b>OTHER RECEIPTS</b>												
Institutional Payments	11.2	12.6	7.1	-43.7%	10.0	40.8%	10.0	40.8%	10.0	0.0%	10.0	0.0%
Liquor Profits	125.6	131.9	146.4	11.0%	147.0	0.4%	148.0	1.1%	147.5	0.3%	148.5	0.3%
Interest	9.0	15.1	2.5	-83.4%	0.4	-84.0%	2.5	0.0%	0.4	0.0%	2.5	0.0%
Fees	28.9	28.4	29.9	5.3%	25.7	-14.0%	28.4	-5.0%	28.3	10.1%	27.6	-2.8%
Judicial Revenue	95.4	90.4	86.5	-4.3%	94.0	8.7%	90.0	4.0%	94.0	0.0%	94.0	4.4%
Miscellaneous Receipts	62.2	51.1	70.8	38.6%	52.6	-25.7%	58.7	-17.1%	52.3	-0.6%	55.9	-4.8%
Racing & Gaming	2.2	2.2	2.2	0.0%	2.2	0.0%	2.2	0.0%	2.2	0.0%	2.2	0.0%
<b>Total Other Receipts</b>	<b>334.5</b>	<b>331.7</b>	<b>345.4</b>	<b>4.1%</b>	<b>331.9</b>	<b>-3.9%</b>	<b>339.8</b>	<b>-1.6%</b>	<b>334.7</b>	<b>0.8%</b>	<b>340.7</b>	<b>0.3%</b>
<b>Total Gross Receipts</b>	<b>9,351.6</b>	<b>9,136.1</b>	<b>10,625.0</b>	<b>16.3%</b>	<b>10,507.6</b>	<b>-1.1%</b>	<b>10,693.1</b>	<b>0.6%</b>	<b>10,730.2</b>	<b>2.1%</b>	<b>10,897.8</b>	<b>1.9%</b>
Accruals (net)	19.2	307.7	(274.9)		10.0		18.0		27.3		16.3	
Refunds	(1,131.9)	(1,120.3)	(1,114.5)	-0.5%	(1,124.2)	0.9%	(1,178.7)	5.8%	(1,200.4)	6.8%	(1,207.9)	2.5%
School Infrastructure Transfer	(503.1)	(507.6)	(560.4)	10.4%	(588.2)	5.0%	(596.8)	6.5%	(616.4)	4.8%	(623.6)	4.5%
<b>Total Accrual General Fund Receipts</b>	<b>7,735.8</b>	<b>7,815.9</b>	<b>8,675.2</b>	<b>11.0%</b>	<b>8,805.2</b>	<b>1.5%</b>	<b>8,935.6</b>	<b>3.0%</b>	<b>8,940.7</b>	<b>1.5%</b>	<b>9,082.6</b>	<b>1.6%</b>
<b>Transfers</b>												
Lottery	90.4	78.9	99.0	25.5%	103.0	4.0%	99.0	0.0%	108.0	4.9%	102.0	3.0%
Other Transfers*	32.6	35.8	26.4	-26.3%	26.0	-1.5%	26.0	-1.5%	26.0	0.0%	26.0	0.0%
<b>Total Transfers</b>	<b>123.0</b>	<b>114.7</b>	<b>125.4</b>	<b>9.3%</b>	<b>129.0</b>	<b>2.9%</b>	<b>125.0</b>	<b>-0.3%</b>	<b>134.0</b>	<b>3.9%</b>	<b>128.0</b>	<b>2.4%</b>
<b>Net General Fund Revenues</b>	<b>7,858.8</b>	<b>7,930.6</b>	<b>8,800.6</b>	<b>11.0%</b>	<b>8,934.2</b>	<b>1.5%</b>	<b>9,060.6</b>	<b>3.0%</b>	<b>9,074.7</b>	<b>1.6%</b>	<b>9,210.6</b>	<b>1.7%</b>
Estimated Gambling Revenues Transferred												
To Other Funds	291.4	231.0	314.8	36.3%	317.6	0.9%	317.6	0.9%	317.6	0.0%	317.6	0.0%
Amount of Interest Earned on Reserve												
Funds (transfer to RIF)	14.7	13.4	1.9	-85.8%	1.9	0.0%	1.9	0.0%	1.9	0.0%	1.9	0.0%

Department of Management

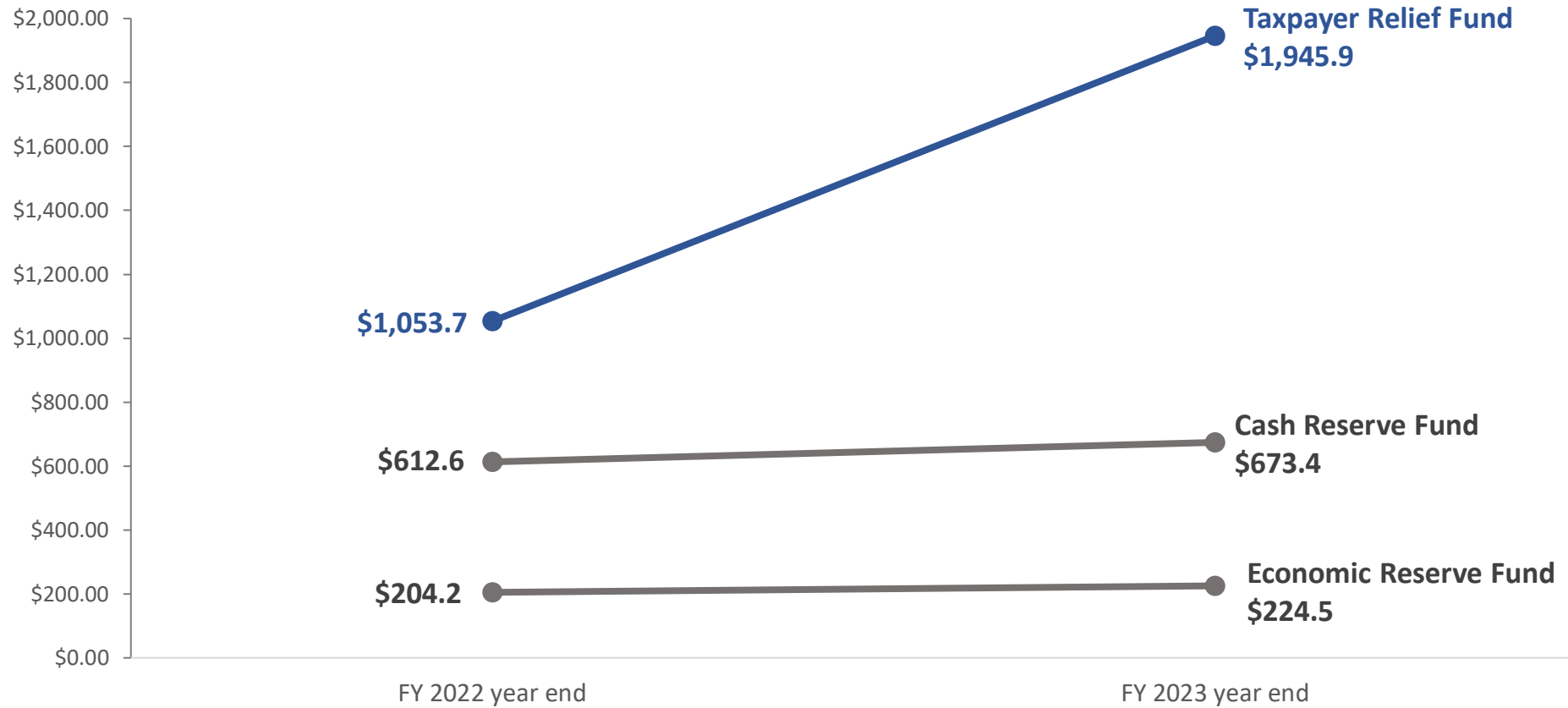
# Governor Reynolds' FY23 Budget Recommendations

	FY 2022	FY 2023
Net GF Revenue (Dec. REC)	\$9,060,600,000	\$9,210,600,000
Growth (Dec REC)*	3.0%	1.7%
YTD Actual (as of 1/7/22)	\$3,998,559,639 (8.2%)	-
Expenditure Limitation	\$8,287,900,000	\$9,064,700,000 (98.4%)
Net Appropriations	\$8,124,880,879	\$8,201,698,688
Expenditure Limitation spend rate	98.0%	90.5%

\* Actual FY21 growth = 11%

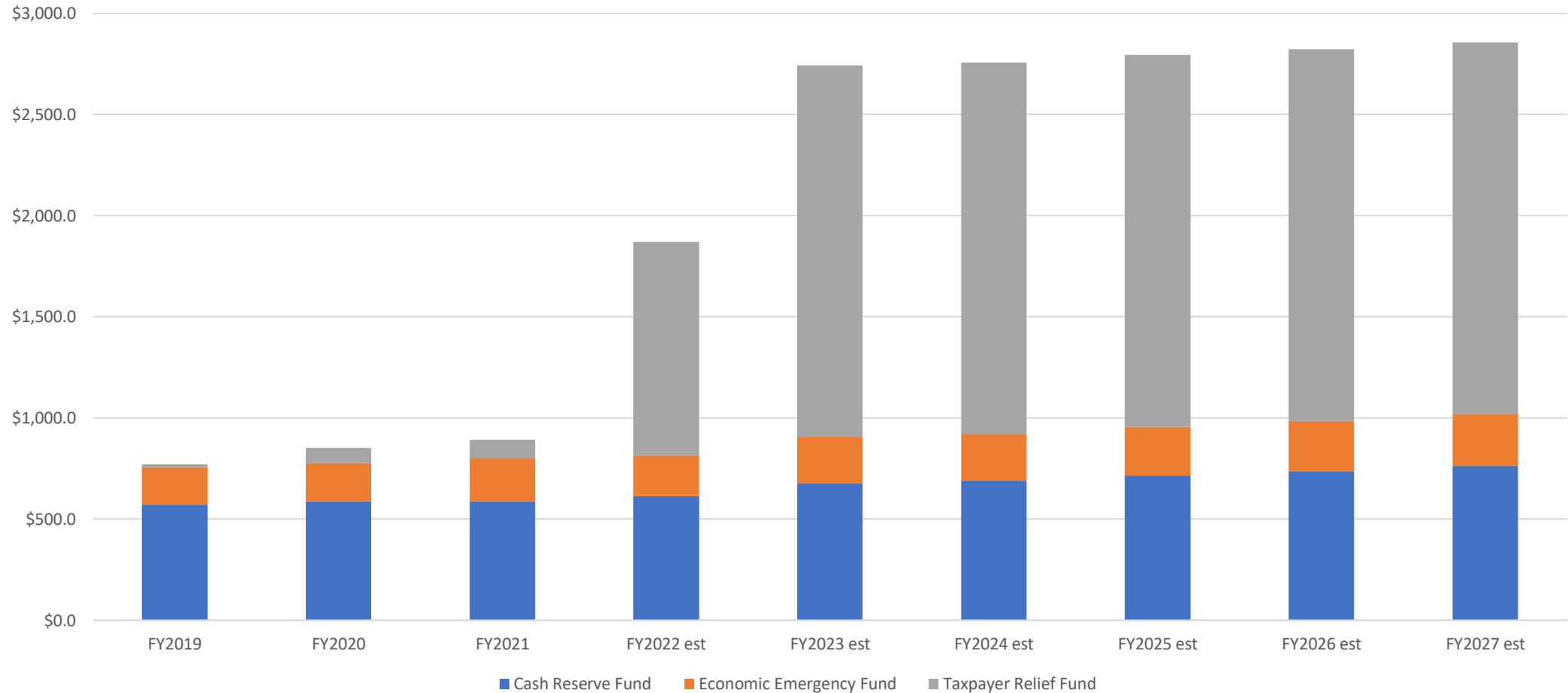
# Reserve & Trust Funds (projected)

*In millions*



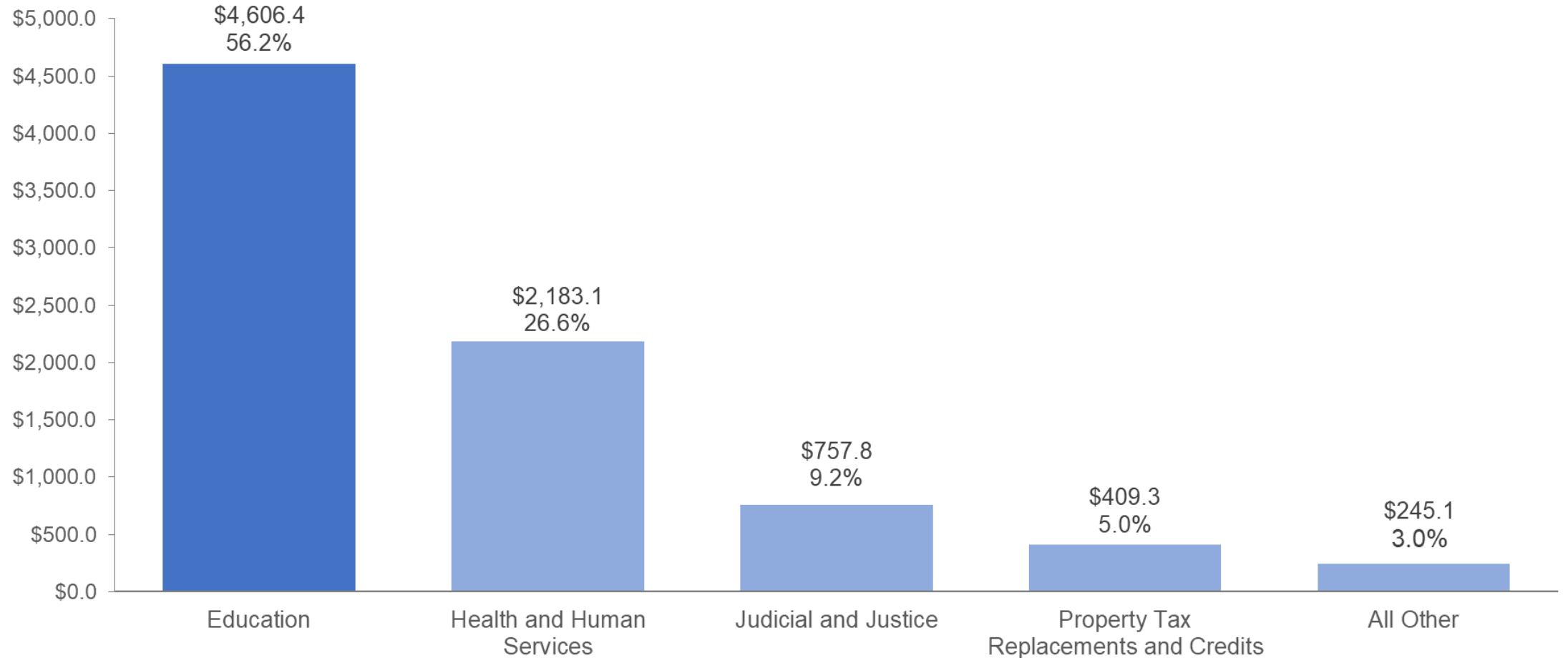


# CRF – EEF - TRF



# Governor Reynolds' FY 2023 Proposed Budget

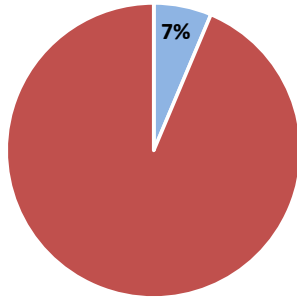
*In millions*



All other includes: Administration & Regulation, Agriculture and Natural Resources, Economic Development, and Legislative Branch.

# Medicaid Expenditures as a Percentage of the Total State Budget General Fund Only

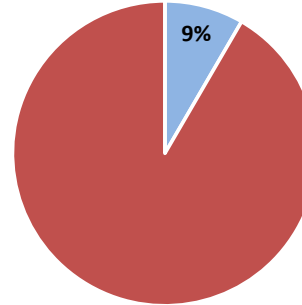
**FY1990 State Budget**



**Medicaid \$193.5M  
Total State \$2,858.6M**



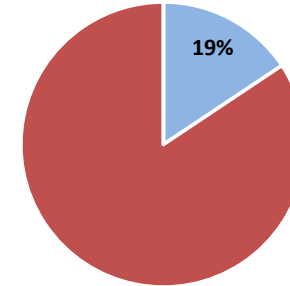
**FY2005 State Budget**



**Medicaid \$422.8M  
Total State \$4,619.2M**

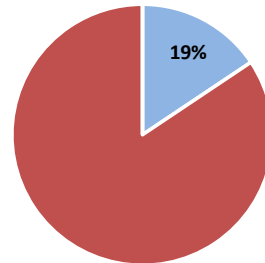


**FY2015 State Budget**



**Medicaid \$1,309.5M  
Total State \$7,063.4M**

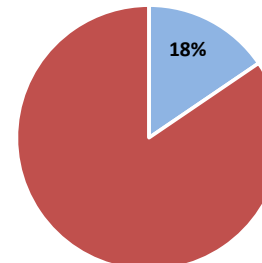
**FY2022  
Governor's  
Recommendation**



**Medicaid \$1,503.8M  
Total State \$8,124.8M**



**FY2023  
Governor's  
Recommendation**



**Medicaid \$1,503.8M  
Total State \$8,201.7M**

- Beginning January 2020, Medicaid received an enhanced federal match due to COVID. This impacts and lowers the state share need in Fiscal Years 2021 through 2023.
- The Medicaid estimates for FY2023 do not include any possible adjustments to Managed Care capitation rates.

# Governor Reynolds' FY23 Budget Recommendations

## Education | \$179.7m

- \$154.8m (2.5%) Pk-12 (*includes \$59.0 mil replacement of backfill*)
- \$5.4m (2.5%) Community Colleges
- \$12.2m (2.5%) Regents

## Health and Human Services | \$86.3m

- \$71.2m mental health

## Justice & Judicial Budgets | \$11.6m

- \$2.9m Department of Public Safety
- \$8.5m Courts

## All others | -\$77.6m

- -\$73.1m reduction in backfill
- \$4.5m other increases

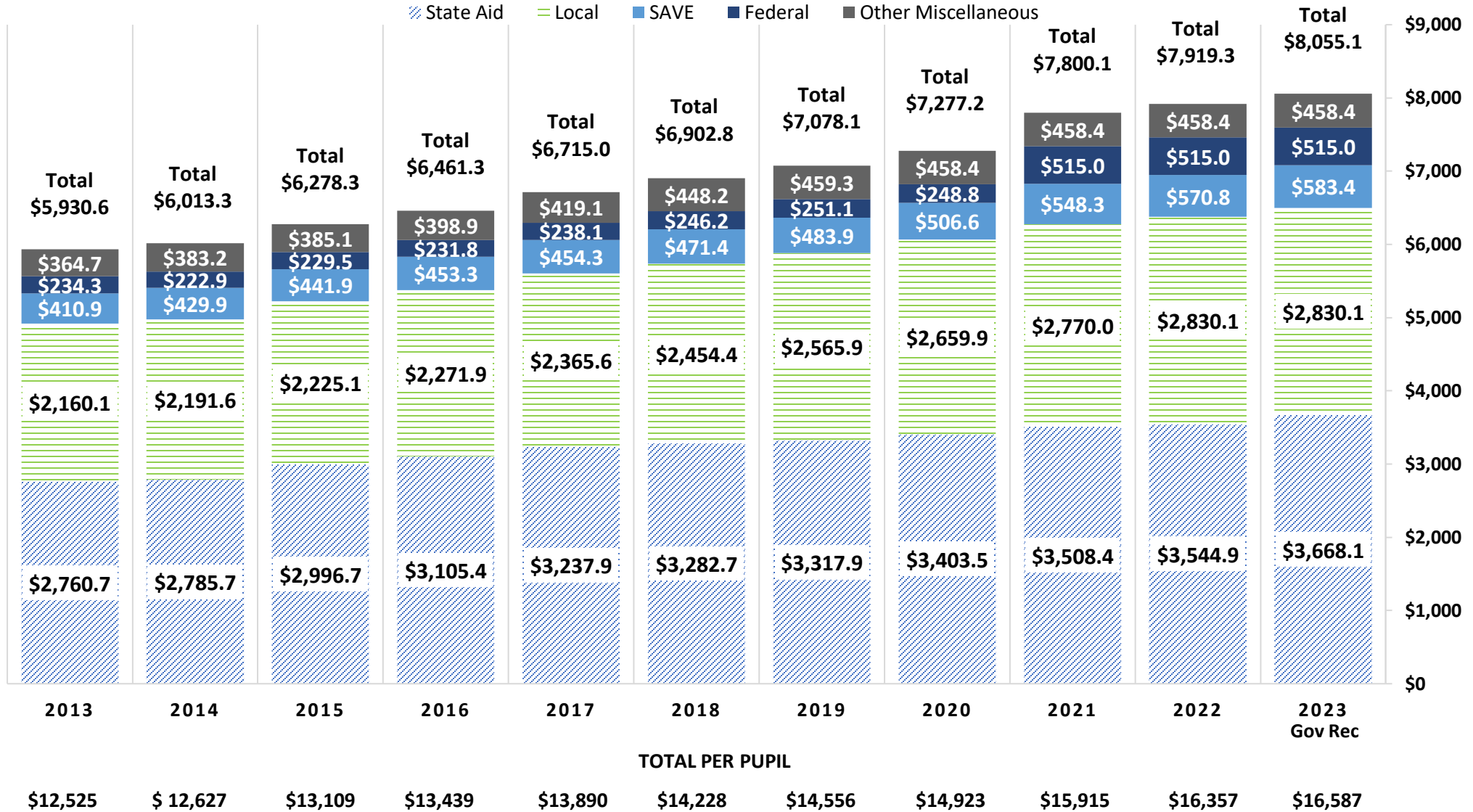
Removal of one-time appropriations = -\$123.1m

No FY 2022 supplemental request

# Governor Reynolds' FY23 Education Recommendations (millions)

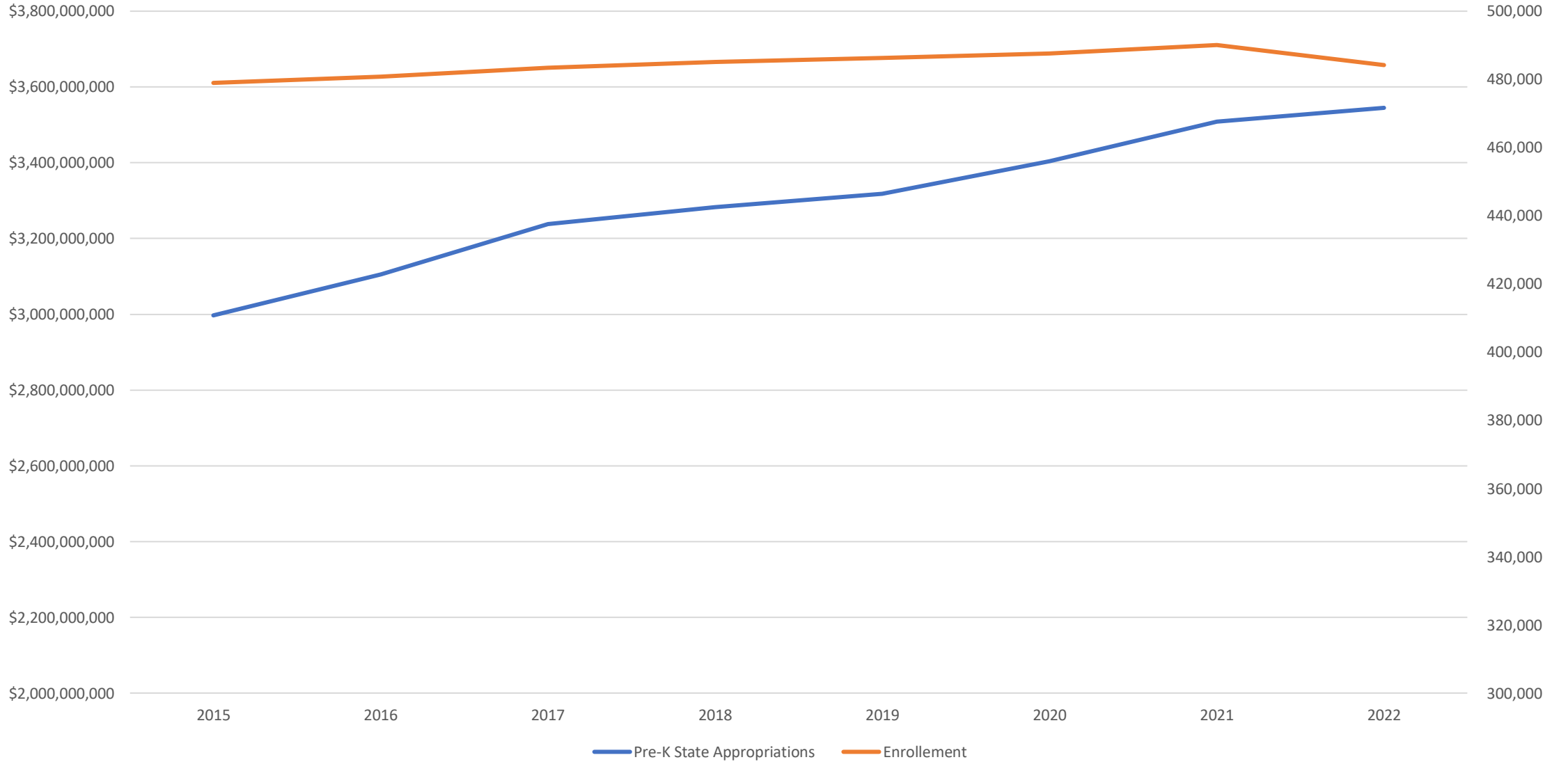
	Amount	Dollar Increase	% Increase	% Ed spending
PK-12 Supplemental State Aid (amount of backfill replacement)	\$3,678.9	\$95.8 (\$59.0)	2.5% 4.4%	79.8%
Community Colleges	\$220.5	\$5.4	2.5%	4.8%
Regents	\$498.2	\$12.2	2.5%	10.8%
Iowa Tuition Grant	\$50.6	\$1.2	2.5%	1.1%
Other	\$158.2	\$6.8	3.8%	3.4%
Total	\$4,606.4	\$180.4	4.1%	100%

# PK-12 TOTAL AMOUNTS - GENERAL FUND AND OTHER FUNDS (IN MILLIONS)



Source: Iowa Department of Management

### Pre-K State Appropriations/Enrollment



# PK-12 School Detail FY 2023 (projected)

Funding Source	Amount	Percent	Per Student
State Aid	\$3,668.1m	46%	\$7,553
Local	\$2,830.1m	37%	\$5,828
SAVE	\$583.4m	7%	\$1,201
Federal	\$248.8m	3%	\$1,060
Other Miscellaneous	\$458.4m	6%	\$944

**\$8.055 billion in total (\$16,587 per student)**

**20 student room = \$331,740**



# Iowa Specific Pandemic Related Federal Expenditures

- CRF = \$1.25 billion – must be expended by Dec 31, 2021
- ARP = \$1.63 billion – must be expended by Dec 31, 2024
- Infrastructure = \$4.28 billion over 5 years

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\$7.16 billion\*

\*Does not include direct stimulus payments or PPP

# State Revenue Spending – FY19

Source	Amount	Percent
General Fund/GF related	\$15,500,000,000	83.1%
Regents Tuition & Fees	\$1,850,000,000	9.9%
Primary Road Fund	\$350,000,000	1.9%
Rebuild Iowa Infrastructure Fund	\$200,000,000	1.0%
Other	\$750,000,000	4.0%
	\$18,650,000,000	100%

# What do government services cost? – FY19

- \$43.9 Billion
  - Divided by 3.21 million people = \$13,676
  - Divided by 58,272 sq mi = \$753,364
- Breakout
  - Local revenue = \$17.36 billion
  - State revenue = \$18.65 billion
  - Federal revenue = \$7.89 billion (d/n include CRF/ARP/Infrastructure)

# Questions?