

# **AN ANALYSIS OF THE FINANCES OF THE STATE OF IOWA**

*Prepared For:*

Iowa United Professionals

By:

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES --GAAP BASIS  
Fiscal Years Ending June 30  
(in millions)

Revenue	Actual FY 1989	Actual FY 1990	Change 1990/1989	Estimated FY 1991	Change 1991/1990
Taxes	\$3,156.0	\$3,282.9	1.040	\$3,448.2	1.050
Receipts from Other Entities	1,212.3	1,238.9	1.022	1,346.8	11.087
Investment Income	42.3	56.3	1.331	65.9	1.171
Fees, Licenses & Permits	263.4	288.8	1.096	316.5	1.096
Refunds and Reimbursements	135.4	147.4	1.089	162.5	1.102
Sales, Rents & Services	6.3	6.1	0.968	9.3	1.525
Miscellaneous	13.0	117.0	1.308	22.1	1.300
<b>GROSS REVENUES</b>	<b>4,828.7</b>	<b>5,037.4</b>	<b>1.043</b>	<b>5,371.3</b>	<b>1.066</b>
Less Revenue Refunds	254.0	277.1	1.091	282.5	1.020
<b>NET REVENUES</b>	<b>4,574.7</b>	<b>4,760.3</b>	<b>1.041</b>	<b>5,088.8</b>	<b>1.069</b>
SOURCE: Prospectus: \$75,000,000, STATE OF IOWA, Tax and Revenue Anticipation Notes (January 10, 1991), page 12.					

**State of Iowa**  
**Estimated Condition of the General Fund**  
**Financial Summary**  
**(in millions)**

	Fiscal Year: June 30		
	1991	1992	1993
Beginning Balance	\$71.7	\$18.0	\$5.2
Estimated Revenues:			
Revenue Estimating Conference	\$3,202.5	\$3,362.1	\$3,547.1
Recommended Adjustments	13.2	59.7	59.5
Revenues Derived from Fund Reclassifications			
Total Revenues	\$3,215.7	\$3,504.3	\$3,689.8
Refunds of Taxes	-224.1	-217.3	-220.3
Net Revenues	2,991.6	\$3,287.0	\$3,469.5
Accrued Revenue Changes	\$18.1	\$15.1	\$14.3
Transfers:			
Annual Departmental Transfers	\$1.1	\$41.2	\$41.4
One Time Cash Transfers	41.6	1.8	
Transfers of Reclassified Funds	30.7		
Total Transfers	\$73.4	\$43.0	\$41.4
Total Funds Available	\$3,154.8	\$3,363.1	\$3,530.4
Appropriations			

Enacted Appropriations	\$3,160.4	\$3,298.4	\$3,436.6
Appropriations to Fund Reclassified Funds		76.5	77.2
Deappropriations	-47.5		
Supplemental Appropriations	29.1		
Recommended Appropriations	\$3,142.0	\$3,374.9	\$3,513.8
Reversions			
Regular Estimated Reversions	-5.1	-17.0	-17.0
Net Appropriations	\$3,136.8	\$3,357.9	\$3,496.8
Ending Balance	\$18.0	\$5.2	\$33.6

State of Iowa  
 General Fund Receipts Statement  
 For the Month Ending January 31, 1991  
 (\$ millions)

	Month of January		FY 91 Over (Under)		FY91 Annual Estimated Percent of Growth
			FY 90		
	FY 90	FY 91	Dollars	Percent	
Personal Income Tax	\$142.8	\$149.4	\$6.6	4.6%	7.0%
Sales Tax	43.2	42.1	-1.1	-2.5%	6.0%
Use Tax	10.8	11.6	0.8	7.4%	8.5%
Corporation Income Tax	23.6	22.1	-1.5	-6.4%	3.2%
Inheritance Tax	5.4	7.1	1.7	31.5%	8.4%
Insurance Premium Tax	0.1	0.0	-0.1	----	5.2%
Cigarette Tax	6.9	5.9	-1.0	-14.5%	0.5%
Tobacco Tax	0.3	0.3	0.0	0.0%	15.4%
Beer Tax	1.0	1.2	0.2	20.0%	-0.8%
Franchise Tax	4.2	3.2	-1.0	-23.8%	2.0%
Miscellaneous Tax	1.3	1.0	-0.3	-23.1%	-83.3%
Total Special Taxes	\$239.6	\$243.9	\$4.3	1.8%	6.2%
County Reimbursements	3.4	3.9	0.5	14.7%	1.6%

Liquor Transfers:					
Profits	0.0	0.0	0.0	----	3.9%
7% Gross Revenue	0.8	0.8	0.0	-57.9%	0.0%
Interest	1.9	0.8	-1.1	-22.2%	-22.9%
Fees	1.8	1.4	-.04	-10.3%	50.0%
Judicial Revenue	2.9	2.6	-.03	-2.3%	5.1%
Third Party Pymts--Inst.	4.4	4.3	-0.1	8.3%	8.0%
Miscellaneous Receipts	1.2	1.3	0.1	-26.9%	15.9%
Pari-Mutuel Receipts	5.2	3.8	-1.4	0.6%	-3.4%
Total Receipts	\$261.2	\$262.8	\$1.6		6.1%
Transfers	0.0	0.0			
Total Receipts & Transfers	\$261.2	\$262.8			

FY 1990 - 1991 REVENUE PROJECTIONS

ITEM	Increase/Decrease Over Previous Estimate	Percent Change	Note
R.E.C. Sept. and Dec. 91990 Estimates	xxxxx	xxxxx	xxxxx
Appropriable Receipts	+\$8.7 million	n/a	1
Transfers and Accruals	+\$6.4 million	n/a	1
R.E.C. Dec. 12, 1990 Estimated General Fund Revenues: FY 1991	+\$300 million	6.5%	2
Revenue Estimates	xxxxx	xxxxx	xxxxx
Individual Income Tax	+\$95 million	6.5%	3
Sales Tax	+\$36.9 million	5.3%	4
Corporate Income Tax	+\$10.8 million	4.7%	1
Use Tax	+\$10.1 million	8.8%	5
Other Taxes and Revenue	+\$25.1 million	5.0%	6
Appropriated Revenues	+\$81.8 million	8.3%	7

Source: Prospectus, \$75,000,000 State of Iowa, Tax and Revenue Anticipation Notes, January 10, 1991, page 14.

Note 1: Ibid, p.14

Note 2: "The increase is expected to occur primarily as the result of strong growth in certain categories of appropriated revenues and modest growth in the State's major taxes." Ibid., p.14.

Note 3: "Individual income taxes are expected to benefit from continued modest increases in personal income and nonfarm employment." Ibid, p.14.

Note 4: "The sales tax reflects an increase in disposable income due to increased employment and personal income." Ibid,

p.14.

Note 5: "This increase is based on a continued modest increase in construction activity." Ibid, p.14.

Note 6: "This change is due to increases in such areas as inheritance tax and the insurance premium tax and to decreases in such areas as the inheritance tax and pari-mutuel receipts." Ibid, p.14.

Note 7: "'Appropriate revenues' are revenues from self-supporting sources. This increase is due mainly to additional Federal Support/Reimbursements." Ibid, p.14.



LOTTERY REVENUES: FY 1986 - FY 1990 (Thousands)									
	FY 1986	FY 1987	Change: 87/86	FY 1988	Change: 88/87	FY 1989	Change: 89/88	FY 1990	Change: 90/89
GROSS REVENUES	\$85,881	\$98,980	1.15	\$128,949	1.30	\$172,489	1.34	\$168,347	0.998
Prizes	38,897	47,256	1.21	65,821	1.39	92,561	1.41	90,818	0.98
Operations	19,349	20,560	1.06	23,026	1.12	30,735	1.33	27,016	0.88
Sales Tax	3,271	3,787	1.16	4,972	1.31	6,644	1.34	6,452	0.97
Gamblers Aid	414	476	1.15	623	1.31	835	1.34	815	0.98
NET REVENUE	23,950	26,901	1.12	34,507	1.28	41,714	1.21	43,246	1.04
FUND ALLOCATIONS									
Capital Restoration	1,020	0	0.00	0		0		0	
Historical Bldg	5,250	0	0.00	0		0		0	
Prisons	0	0		0		1,000		0	0.00
Drug Ed. Training	0	0		0		0		300	
TOTAL	6,270	0	0.00	0		1,000		300	0.30
DEPOSITS*	17,680	26,901	1.52	34,507	1.28	40,714	1.18	42,946	1.05
INTEREST	312	630	2.02	1,493	2.37	2,764	1.85	3,943	1.43
TOTAL	17,992	27,531	1.53	36,000	1.31	43,478	1.21	46,889	1.08
Source: Various departments (LFB, Iowa Factbook, 1990, October, 1990).									
* Net Revenues - Fund Allocations									

STATE OF IOWA: REVENUE ESTIMATING CONFERENCE

(December 1990)

	FY 1988	% Chg Fr FY 87	FY 1989	% Chg Fr FY 88	FY 1990	% Chg Fr. FY 89	FY 91 DOM Est	Est. Pct Chg from	FY 92 DOM Est	Est. Pct Chg from	FY91 LFB Est.	Est Pet Chg from	FY92 LFB Est.	Est Pet Chg From	FY91 REC Est	Est Pet Chg from	FY92 REC Est	Est. Pet Chg From
	Actual	Actual	Actual	Actual	Actual	Actual	12/90	90 Act	12/90	91 Est	12/90	90 Act	12/90	91 Est	12/90	90 Act	12/90	91 Est
Personal Inc. Tax	\$1,235.1	9.0%	\$1,368.0	10.8%	\$1,445.6	5.7%	\$1,548.5	7.1%	\$1,239.7	5.9%	\$1,542.0	6.7%	\$1,600.0	5.7%	\$1,547.0	7.1%	\$1,633.0	5.7%
Withholding	862.4		507.00	8.7%	1,003.7	7.1%												
Estimates	177.0		202.00	14.1%	216.0	6.9%												
Returns	195.7		228.70	16.9%	225.9	-1.2%												
Sales Tax	667.3	3.8%	702.0	5.2%	728.5	3.8%	775.8	6.5%	618.5	5.5%	770.0	5.7%	802.0	4.2%	772.0	6.0%	610.0	4.9%
Use Tax	94.9	-7.6%	103.5	9.1%	114.3	10.4%	123.9	8.4%	130.0	4.9%	121.0	5.9%	127.0	5.0%	124.0	6.5%	129.0	4.0%
Corp. Income Tax	195.3	5.2	236.0	20.8%	230.7	-2.2%	240.6	4.2%	150.2	4.0%	238.0	3.2%	238.0	0.0%	236.0	3.2%	247.0	3.8%
Inheritance Tax	58.9	0.9%	66.5	12.9%	65.3	-2.1%	70.6	8.4%	74.1	5.0%	69.5	6.8%	72.0	3.6%	70.6	6.4%	74.1	5.0%
Insurance Premium Tax	81.0	5.9%	84.9	4.8%	87.0	2.5%	91.5	5.2%	95.0	3.8%	91.5	5.2%	93.0	1.6%	91.5	5.0%	93.0	3.8%
Cigarette Tax	81.2	7.4%	89.7	10.5%	82.6	-7.9%	83.0	0.5%	83.4	0.5%	82.4	-0.2%	81.9	-0.6%	83.0	0.3%	83.4	0.5%
Tobacco Tax	2.0	5.3%	2.5	25.0%	2.6	4.0%	3.0	15.4%	2.6	-6.7%	2.8	7.7%	3.0	7.1%	3.0	15.4%	2.8	-6.7%
Beer Tax	12.6	0.8%	12.6	0.0%	12.6	0.0%	12.5	-0.8%	12.8	2.4%	12.8	1.6%	13.0	1.6%	12.5	4.5%	12.8	2.4%
Liquor Tax	0.1	-66.7%	0.0	---	0.0													
Franchise Tax	8.5	97.7%	22.7	167.1%	25.5	12.3%	26.0	2.0%	26.5	1.9%	26.0	2.0%	28.0	7.7%	26.0	2.0%	26.5	1.9%
Misc. Tax	0.3	0.0%	0.4	33.3%	0.6	50.0%	0.1	-63.3%	0.1	0.0%	0.5	-16.7%	0.5	0.0%	0.1	-83.2%	0.1	0.0%
Total Special Tax	\$2,437.2	6.2%	\$2,668.8	10.3%	\$2,795.1	4.0%	\$2,975.5	6.5%	\$3,133.1	5.3%	\$2,956.5	5.8%	\$3,088.4	4.5%	\$2,697.7	6.2%	\$3,115.7	5.0%
County Reimbursements	38.3	-8.2%	50.9	32.9%	50.7	-0.4%	51.5	1.0%	51.3	-0.4%	51.5	1.6%	51.3	-0.4%	51.5	1.6%	51.3	-0.4%
Liquor Transfers																		
Profits	2.0	-89.0%	19.4	870.0%	20.5	5.7%	21.3	3.9%	21.9	2.8%	21.3	3.9%	21.9	2.8%	21.0	3.6%	21.9	2.8%
7% Gross Revenue	8.9	-1.1%	9.0	1.1%	9.0	0.0%	9.0	0.0%	9.0	0.0%	9.8	0.0%	9.0	0.0%	9.0	0.0%	9.0	0.0%
Interest	16.5	-14.5%	12.4	-24.8%	14.0	12.9%	10.8	-22.9%	10.8	0.0%	10.8	-22.9%	10.8	0.0%	10.8	-22.9%	10.8	0.0%
Fees	13.9	-28.4%	14.8	6.5%	12.0	-18.9%	16.0	50.0%	18.2	1.1%	18.0	50.0%	18.2	1.1%	18.0	50.0%	16.2	1.1%
Judicial Revenue	30.8	6.1%	33.6	9.1%	35.5	5.1%	37.1	5.1%	39.0	5.1%	37.1	5.1%	39.0	5.1%	37.1	5.1%	39.0	5.1%
Third Pty Pmts - Inst	48.1	9.3%	53.8	11.9%	55.2	2.6%	59.6	8.0%	63.2	6.0%	59.6	8.0%	63.2	6.0%	59.6	6.0%	63.2	6.0%
Misc. Receipts	10.4	-50.2%	13.6	30.8%	16.4	20.6%	19.0	15.9%	14.7	-22.6%	19.0	15.9%	14.7	-22.6%	15.0	15.9%	14.7	-22.6%
Pari-Mutuel Receipts	11.1	2.8%	10.50	-1.8%	8.8	-19.3%	8.5	-3.4%	18.3	115.3%	8.5	-3.4%	18.3	115.3%	6.5	-2.4%	16.3	115.3%
Total Receipts	\$2,617.2	4.4%	\$2,907.2	11.1%	\$3,017.0	3.8%	\$3,210.3	6.4%	\$3,379.5	5.3%	\$3,191.2	5.8%	\$3,334.8	4.5%	\$3,202.5	6.1%	\$3,362.1	5.0%
Transfers	3.2		10.90		2.3													
Total Receipts & Transfers	\$2,620.4		\$2,918.1		\$3,019.3													

Improvement in Iowa Unemployment Rates  
1978 - 1990

Calendar Year	Labor Force	Jobless	UE Rate	New UE Applications
1978	57,000	4.0%		n/a
1979	59,000	4.1%		n/a
1980	82,000	5.8%		202,266
1981	99,000	6.9%		236,046
1982	121,000	8.5%		299,417
1983	115,000	8.1%		283,971
1984	99,000	7.0%		197,435
1985	112,000	8.0%		203,089
1986	101,000	7.0%		202,289
1987	80,000	5.5%		165,732
1988	67,000	4.5%		129,426
1989	65,400	4.3%		110,605
1990	64,200	4.3%		n/a

SOURCE: Legislative Fiscal Bureau, *Iowa Factbook 1990*, October 1990 (Department of Employment Services) (and conversations with the Department of Employment Services).

Iowa Corporation Filings				
Calendar Year	Iowa	Non-Iowa	Total	Percent Change
1984	5,394	948	6,342	n/a
1985	4,717	930	5,647	(11.0%)
1986	4,735	886	5,639	0%
1987	4,576	988	5,564	0%
1988	4,669	1,129	5,798	+4.2%
1989	6,822	1,118	7,940	+36.9%
1990			8,166	+2.8%

Source: Corporations Division, Iowa Secretary of State.

Iowa Personal Income (billions of dollars)						
Item	1987	1988	1989	1990*	1991*	1992*
Personal Income	\$39.266	\$41.253	\$43.567	\$46.603	\$48.771	\$51.237
Pct Change from Previous Year	base	1.05	1.06	1.07	1.05	1.05
Source: Prospectus: \$75,000,000 State of Iowa, Tax and Revenue Anticipation Notes. January 10, 1991, page B-15 (The Institute for Economic Research, University of Iowa, <i>The Iowa Economic Forecast</i> , December 1990).						
Notes: * Projected						

General Fund Appropriations and Reversions (millions of dollars)				
Fiscal Year	Appropriation	Reversion	Reversion as % of Appropriation	Change in Previous Year's Appropriation
1970	\$479.8	\$3.5	0.73	base
1971	527.2	6.5	1.23	1.10
1972	592.3	6.8	1.15	1.12
1973	628.1	3.0	0.48	1.06
1974	777.2	5.8	0.75	1.24
1975	899.6	28.8	3.20	1.16
1976	1,086.0	8.9	0.82	1.21
1977	1,236.7	19.8	1.60	1.14
1978	1,314.7	10.5	0.80	1.06
1979	1,421.0	9.1	0.64	1.08
1980	1,608.9	11.3	0.70	1.13
1981	1,726.6	94.2	5.46	1.07
1982	1,785.8	13.9	0.78	1.03
1983	1,909.8	40.7	2.13	1.07
1984	2,046.9	70.3	3.43	1.07
1985	2,114.8	26.2	1.24	1.03
1986	2,142.1	15.8	0.74	1.01
1987	2,203.3	13.1	0.59	1.03
1988	2,471.9	24.8	1.00	1.12

1989	2,714.3	23.4	0.86	1.10
1990	2,848.7	5.0	0.18	1.05
1991	3,144.2	35.0	1.11	1.10
Source: Department of Management (FB105) (October 1990).				
NOTE: 1990 and 1991 appropriation and reversion figures are estimates.				

Governors Budget Request FY 1992  
Compared to FY 1991 Actual (millions)

Budget Item	FY 1991 Estimate	Governor's 1992 Budget Proposal	Pct Change	Amount
Justice System	\$193.3	\$213.7	1.11	\$20.40
Regulation	\$27.4	\$52.3	1.91	24.90
Transport and Safety (062)	\$24.2	\$38.2	1.58	14.00
Dept. of Education	\$1,281.6	\$1,388.7	1.08	107.10
Agriculture and Natural Res. (061)	\$35.3	\$64.8	1.84	29.50
Total General Fund (062)	\$3,160.3	\$3,374.9	1.07	\$214.60
DHS: Field Operations (078)	\$44.3	\$43.8	0.99	(0.50)
Total Dept. Human Svcs (079)	\$606.3	\$619.5	1.02	13.20
Source: State of Iowa, Budget Report: 1991 - 1993, General Fund Appropriation: Annual Department Request and Governor's Recommendation by Function, pages 17, 18, 34, 35, 73 and 74.				



Salaries of Elected Officials						
Position	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	% Change: FY91/FY90
Governor	\$64,000	\$70,000	\$70,000	\$72,500	\$76,700	5.79%
Lt. Governor	21,900	21,900	23,900	23,900	60,000	151.05%
Sec. of State	41,000	50,000	53,000	55,700	60,000	7.72%
Auditor	41,000	50,000	53,000	55,700	60,000	7.72%
Treasurer	41,000	50,000	53,000	55,700	60,000	7.72%
Sec. of Agriculture	41,000	50,000	53,000	55,700	60,000	7.72%
Atty General	54,000	62,500	66,250	69,600	73,600	5.75%
Spkr of House of Reps.	21,900	21,900	23,900	23,900	27,900	16.74%
Senate Maj. Leader	17,100	17,100	23,900	23,900	27,900	16.74%
State Representative	14,600	14,600	16,600	16,600	18,100	9.04%
Source: Iowa Session Laws and Iowa Code (FN99 and FB107).						

Changes in Iowa Sales and Use Tax										
Item	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Sales and Use Tax	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%
Source:LFB, Iowa Factbook, 1990 (October 1990), p. 94.										

Estimated Revenue from an Additional 1% on the Iowa Sales/Use Tax	
Item	Additional Revenue
Additional Revenue	\$215 million (cash basis) \$233 (accrual basis)
Source: Legislative Fiscal Bureau (LFB).	

Consumer Price Index (CPI-U) for Fiscal Years 1988 to Current							
Month	FY 1988	FY 1989	89/88	FY 1990	90/89	FY 1991	91/90
July	113.8	118.5	1.041	124.4	1.050	130.4	1.048
August	114.4	119.0	1.040	124.6	1.047	131.6	1.056
September	115.0	119.8	1.042	125.0	1.043	132.7	1.062
October	115.3	120.2	1.043	125.6	1.045	133.5	1.063
November	115.4	120.3	1.043	125.9	1.047	133.8	1.063
December	115.4	120.5	1.044	126.1	1.047	133.8	1.061
January	115.7	121.1	1.047	127.4	1.052		
February	116.0	121.6	1.048	128.0	1.053		
March	116.5	122.3	1.050	128.7	1.052		
April	117.1	123.1	1.051	128.9	1.047		
May	117.5	123.8	1.054	120.2	1.044		
June	118.0	124.1	1.052	129.9	1.047		
FY Average	115.8	1.21.2	n/a	127.0	n/a		
Pct Increase Over Previous FY	n/a	1.05	n/a	1.05	n/a		

Source: U.S. Bureau of Labor Statistics.

Consumer Price Index (CPI-W) for Fiscal Years 1988 to Current							
Month	FY 1988	FY 1989	89/88	FY 1990	90/89	FY 1991	91/90
July	112.7	117.2	1.040	123.2	1.051	128.7	1.045
August	113.3	117.7	1.039	123.2	1.047	129.9	1.054
September	113.8	118.5	1.041	123.6	1.043	131.1	1.061
October	114.1	118.9	1.042	124.2	1.045	131.9	1.062
November	114.3	119.0	1.041	124.4	1.045	132.2	1.063
December	114.2	119.2	1.044	124.6	1.045	132.2	1.061
January	114.5	119.7	1.045	125.9	1.052		
February	114.7	120.2	1.048	126.4	1.052		
March	115.1	120.8	1.050	127.1	1.052		
April	115.7	121.8	1.053	127.3	1.045		
May	116.2	122.5	1.054	127.5	1.041		
June	116.7	122.8	1.052	128.3	1.045		
FY Average	114.6	119.9	n/a	125.5	n/a		
Pct Increase Over Previous FY	n/a	1.05	n/a	1.05	n/a		
Source: U.S. Bureau of Labor Statistics.							