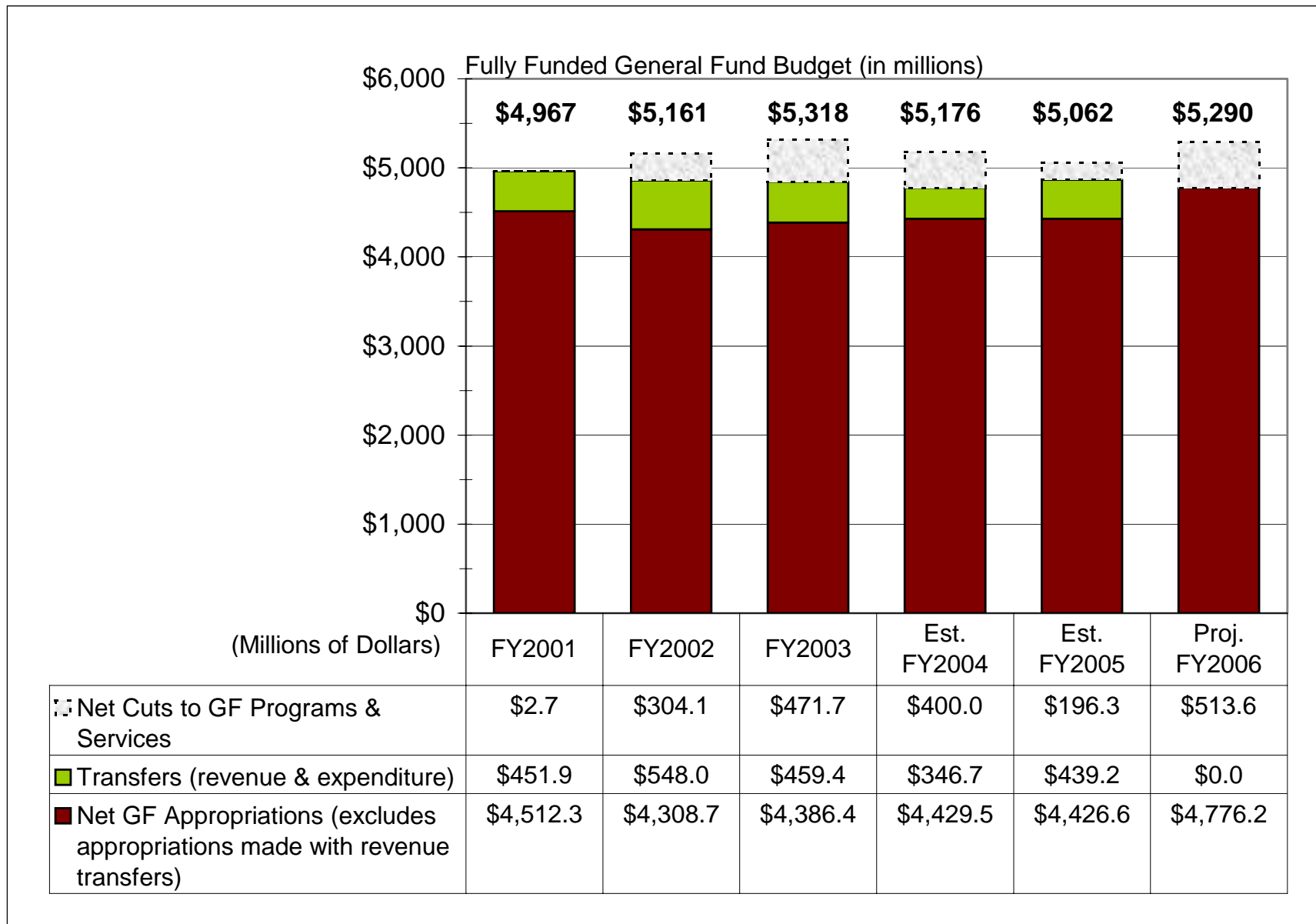


How Iowa Balanced the Budget, FY01-FY05 (and a projection for FY06)



Notes:

Revenues are based on December 2004 Revenue Estimating Conference projections. A fully funded budget is equal to the previous fiscal year's GF appropriations (before reversions) + net built-in increases + an amount to pay for all of the GF services that were shifted to non-general funds during the previous year. Since a "fully funded budget" is based on the previous year's actual GF appropriation, cuts in one year can reduce the base budget in the next year. School aid and other standing appropriations and entitlement programs are automatically added back as built-ins. However, other cuts, such as the across the board cuts, and cuts to higher education and property tax credits ratchet down the base, and therefore reduce the amount that constitutes a fully funded budget in the next year.