

“Budgeting – Iowa’s Future”



David Vaudt, the Iowa State Auditor, spoke at the Treynor Optimist Club on February 25 about the General Fund Budget for the state of Iowa. A focus of his presentation was that the Iowa General Fund Budget looks like it balances every year, but in the past has only done so by shifting expenditures from other funds. In fiscal years 2009 (FY09), FY10, and FY11 \$1 billion for the budget came from federal stimulus money. That money is no longer available. The Senior Living Trust Fund, used to keep Seniors in their homes, has also been depleted.

The adopted budget for FY12 and the Governor’s proposal for FY13 significantly

reduce the spending gap and attempt to make expenditures align closer with revenue. The FY12 budget is only \$220 million dollars short of expected expenditures, versus \$764 million in FY11.

One result of the budget inequalities is that the Iowa Public Employee Retirement System (IPERS) fund is only funded at 80% now, while it was funded at 98% in 2000. This retirement fund supports many public employees in Iowa including teachers. Therefore, changes to this pension fund will be needed in the future. The legislature will have to make significant changes to the system, mainly affecting new contributions instead of trying to change the current retirees.

The State Auditor’s office also performs fraud investigations of cities and towns in Iowa. Every larger city must be audited every year, but small towns are not required to have an audit. Therefore, fraud investigations in small towns are growing in number.