
FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

LSA GENERAL FUND BALANCE SHEET UPDATE (MARCH 2024)

Revised Revenue Estimates. The Revenue Estimating Conference (REC) met March 15, 2024, and revised the General Fund revenue estimates for FY 2024 and FY 2025. The REC established an FY 2024 estimate of \$9,626.5 million, a decrease of \$218.8 million (-2.2%) compared to actual FY 2023. The FY 2025 estimate established by the March REC is \$9,697.8 million, which reflects an increase of \$71.3 million (0.7%) compared to the revised FY 2024 estimate.

FY 2024 Budget Update. The estimate of total funds available for the General Fund in FY 2024 is \$10,505.3 million, which includes the March REC estimate of \$9,626.5 million and \$878.8 million from the FY 2023 surplus carryforward. During the 2023 Legislative Session, appropriations totaling \$8,517.3 million were enacted for FY 2024. The appropriations have been adjusted to reflect a net increase of \$34.7 million to standing appropriations. The FY 2024 General Fund surplus is currently estimated at \$1,958.3 million.

Updated FY 2025 Budget Projection. The Legislative Services Agency's (LSA's) General Fund budget projection is intended to assist the General Assembly in evaluating budget decisions for the next fiscal year. The estimates for FY 2025 are based on the following factors and assumptions:

- The FY 2025 REC revenue estimate set at the March 15 meeting is \$9,697.8 million. The REC estimate is based on tax laws and other revenue policies in place at the time the estimate is adopted.
- The expenditure limitation for FY 2025 is estimated to be \$11,468.5 million based on the December 13, 2023, REC estimate since it is below the March 15, 2024, REC estimate.
- The enacted appropriation and standing appropriation adjustment level from FY 2024 (\$8,552.0 million) is used as the baseline for estimated FY 2025 appropriations.
- The LSA's estimated built-in and anticipated expenditure changes for FY 2025 total \$92.1 million. The estimate includes a 0.0% increase to the percent of growth to the State cost per pupil that is used in the calculation of the FY 2025 State school aid appropriation. The built-in estimated appropriation adjustment also includes an estimated \$46.9 million related to 2023 Iowa Acts, [HF 68](#) (Education Savings Account Act). **Figure 2** summarizes the FY 2025 built-in and anticipated expenditures. These estimates reflect the incremental increases above the FY 2024 baseline appropriation level.
- The projected FY 2025 appropriations, totaling \$8,644.1 million, include the baseline amount of \$8,552.0 million plus the \$92.1 million in built-in and anticipated expenditures. This total represents an increase of 1.1% compared to estimated FY 2024. It should be noted that there are several built-in and anticipated expenditure increases for FY 2025 that routinely do not receive funding. For estimating purposes, these items are included in the FY 2025 estimate because, under current law, the Iowa Code requires the funds to be appropriated unless the General Assembly acts to change, suspend, or remove the Iowa Code language that dictates the built-in appropriation increase.

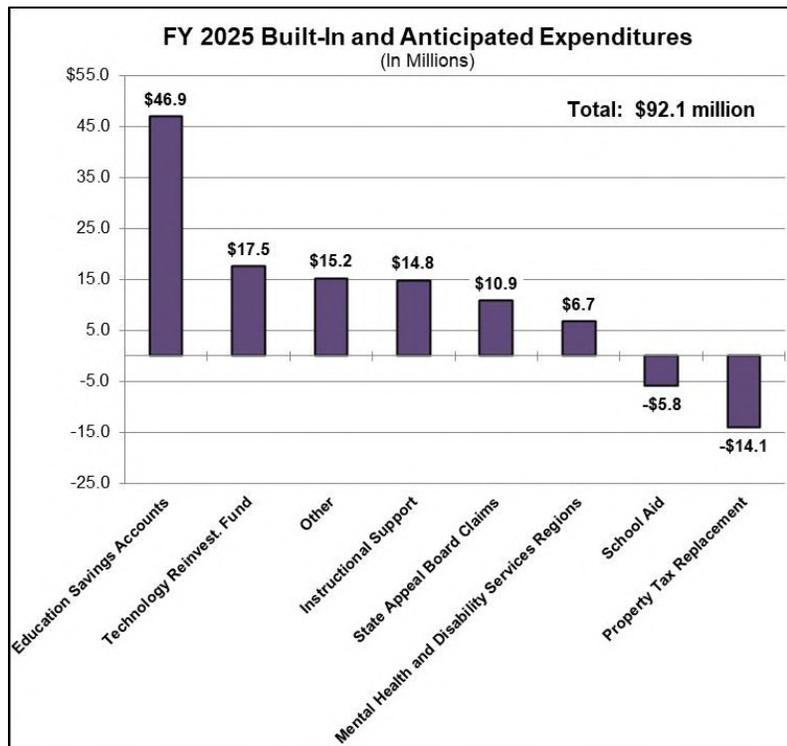
Figure 1 shows the projected General Fund budget for FY 2025 based on the above assumptions. The projected appropriations level for the fiscal year, totaling \$8,644.1 million before estimated reversions, is \$2,824.4 million below the estimated expenditure limitation. The FY 2025 General Fund surplus is projected to total \$2,986.5 million.

Figure 1

State of Iowa			
Projected Condition of the General Fund			
In Millions			
	Actual FY 2023	Estimated FY 2024	LSA Projection FY 2025
Resources			
Net Receipts (Dec. 13, 2023, REC Est.)	\$ 9,845.3	\$ 9,746.5	\$ 9,637.1
Net Receipts Adjustment (March 6, 2024, REC Est.)	0.0	- 120.0	60.7
Revenue Adjustments	0.0	0.0	0.0
Subtotal	\$ 9,845.3	\$ 9,626.5	\$ 9,697.8
Surplus Carryforward	197.3	878.8	1,927.8
Total Available Resources	\$ 10,042.6	\$ 10,505.3	\$ 11,625.6
Expenditure Limitation (Dec. 13, 2023, REC Est.)			\$ 11,468.5
Appropriations and Expenditures			
Appropriations*	\$ 8,209.2	\$ 8,517.3	\$ 8,552.0
Adjustments to Standing Appropriations	12.3	34.7	0.0
Built-In and Anticipated Increases	0.0	0.0	92.1
Total Appropriations	\$ 8,221.4	\$ 8,552.0	\$ 8,644.1
Reversions	- 9.9	- 5.0	- 5.0
Net Appropriations	\$ 8,211.6	\$ 8,547.0	\$ 8,639.1
Ending Balance – Surplus	\$ 1,831.0	\$ 1,958.3	\$ 2,986.5

* The FY 2025 LSA projected appropriations level is the FY 2024 enacted appropriations level plus the FY 2024 adjustments to standing appropriations.

Figure 2



Reserve Funds. The balances in the State’s two reserve funds (**Figure 3**) are projected to be at the statutory maximum for both FY 2024 and FY 2025. The combined balances are estimated at \$961.9 million for FY 2024 and \$963.7 million for FY 2025.

Figure 3

State of Iowa Reserve Funds			
In Millions			
	<u>Actual FY 2023</u>	<u>Estimated FY 2024</u>	<u>Projected FY 2025</u>
Cash Reserve Fund			
Funds Available			
Balance Brought Forward	\$ 612.6	\$ 671.4	\$ 721.4
General Fund Transfer from Surplus	1,914.2	1,831.0	1,958.3
Total Funds Available	<u>\$ 2,526.8</u>	<u>\$ 2,502.4</u>	<u>\$ 2,679.7</u>
Transfer to Economic Emergency Fund	- 1,855.4	- 1,781.0	- 1,956.9
Balance	<u>\$ 671.4</u>	<u>\$ 721.4</u>	<u>\$ 722.8</u>
<i>Maximum 7.5%</i>	\$ 671.4	\$ 721.4	\$ 722.8
Economic Emergency Fund			
Funds Available			
Balance Brought Forward	\$ 218.0	\$ 230.6	\$ 240.5
Excess from Cash Reserve Fund	1,855.4	1,781.0	1,956.9
Executive Council – Performance of Duty	- 17.5	- 21.5	- 20.4
Total Funds Available	<u>\$ 2,055.9</u>	<u>\$ 1,990.1</u>	<u>\$ 2,177.0</u>
Excess Surplus	- 1,832.1	- 1,749.6	- 1,936.1
Performance of Duty Adjustment *	6.8	0.0	0.0
Balance	<u>\$ 230.6</u>	<u>\$ 240.5</u>	<u>\$ 240.9</u>
<i>Maximum 2.5%</i>	\$ 223.8	\$ 240.5	\$ 240.9
Distribution of Excess Surplus			
Transfer to General Fund	\$ 197.3	\$ 878.8	\$ 1,927.8
Transfer to Taxpayer Relief Fund	1,634.8	870.8	8.3
Total	<u>\$ 1,832.1</u>	<u>\$ 1,749.6</u>	<u>\$ 1,936.1</u>
Combined Reserve Fund Balances			
Cash Reserve Fund	\$ 671.4	\$ 721.4	\$ 722.8
Economic Emergency Fund	230.6	240.5	240.9
Total	<u>\$ 902.0</u>	<u>\$ 961.9</u>	<u>\$ 963.7</u>
Statutory Maximum			
Cash Reserve Fund	\$ 671.4	\$ 721.4	\$ 722.8
Economic Emergency Fund	223.8	240.5	240.9
Total	<u>\$ 895.2</u>	<u>\$ 961.9</u>	<u>\$ 963.7</u>
* An adjustment of \$6.8 million was made to the FY 2023 Performance of Duty item to account for expenditures during FY 2023 being lower than originally projected.			

Taxpayer Relief Fund. For FY 2025, the ending balance in the Taxpayer Relief Fund is estimated at \$3,726.1 million (**Figure 4**). The FY 2025 balance includes an estimated surplus transfer of \$8.3 million from the Economic Emergency Fund.

Figure 4

Taxpayer Relief Fund			
In Millions			
	<u>Actual</u> <u>FY 2023</u>	<u>Estimated</u> <u>FY 2024</u>	<u>Projected</u> <u>FY 2025</u>
Funds Available			
Balance Brought Forward	\$ 1,055.4	\$ 2,737.9	\$ 3,662.8
General Fund Surplus Transfer	1,634.8	870.8	8.3
Interest	47.7	54.1	55.0
Total Funds Available	<u>\$ 2,737.9</u>	<u>\$ 3,662.8</u>	<u>\$ 3,726.1</u>

LSA Staff Contacts: Ron Robinson (515.281.6256) ron.robinson@legis.iowa.gov
 Jennifer D. Acton (515.281.7846) jennifer.acton@legis.iowa.gov

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