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# BUDGET UNIT BRIEF – FY 2020

Fiscal Services Division

July 1, 2020



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Des Moines, Iowa 50319

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## Economic Emergency Fund Appropriation

### Background

Iowa Code section [8.55](#) establishes the Economic Emergency Fund (EEF) and specifies the uses of the Fund. The statute provides that the EEF receives the excess revenue from the Cash Reserve Fund until the Fund reaches the statutory maximum balance (2.5% of the Adjusted Revenue Estimate). An appropriation of up to \$50.0 million from the EEF is made available for the purpose of preventing a deficit in the General Fund. However, all of the following conditions must be met:

- Either the fourth-quarter estimate of the Revenue Estimating Conference (REC) was, or actual year-end receipts are, 0.5% less than the third-quarter REC estimate.
- The Governor implemented across-the-board appropriations reductions during the fiscal year that were not sufficient to prevent the deficit. This condition does not apply if the Governor could not implement the reductions due to the lateness of the realization of the deficit.
- The year-end General Fund balance was negative.
- The Governor must issue an official proclamation and notify the Legislative Fiscal Committee and the Legislative Services Agency that a deficit occurred and that across-the-board reductions were either insufficient to eliminate the deficit or could not be implemented.

In the event that an appropriation is made to eliminate a year-end deficit, a standing appropriation from the General Fund is made to the EEF in the succeeding fiscal year to reimburse the EEF.

Any excess funds remaining once the statutory maximum balance of the EEF is reached, up to \$60.0 million, are required to be allocated to the Taxpayers Trust Fund if certain conditions are met.<sup>1</sup> Any excess funds remaining after the Taxpayers Trust Fund obligations are met are transferred to the General Fund.

### Appropriation of Funds

At the close of FY 2017, the General Fund budget experienced a \$13.0 million deficit. In response, the Governor used the transfer authority outlined in Iowa Code section [8.55](#) to bring the budget back into balance. As a result, a \$13.0 million General Fund appropriation was made in FY 2018 to reimburse the EEF.

### Related Statutes and Administrative Rules

Iowa Code section [8.55](#) and [8.57E](#)

### Budget Unit Number

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<sup>1</sup> See Iowa Code section [8.57E](#) for an explanation of Taxpayers Trust Fund requirements.

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### More Information

State of Iowa Expenditure Limitation Process: [www.legis.iowa.gov/docs/publications/IR/797619.pdf](http://www.legis.iowa.gov/docs/publications/IR/797619.pdf)  
LSA Staff Contact: David Reynolds (515.281.6934) [dave.reynolds@legis.iowa.gov](mailto:dave.reynolds@legis.iowa.gov)