
BUDGET UNIT BRIEF – FY 2018

Fiscal Services Division

December 20, 2017



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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Cash Reserve Fund Appropriation

Background

Iowa Code sections 8.56 and 8.57 establish the Cash Reserve Fund (CRF) and dictate both the flow of General Fund surplus revenues to the Fund and the uses of the Fund's proceeds. The General Fund surplus is transferred to the CRF until the CRF reaches 7.5% of the Adjusted Revenue Estimate.

The General Assembly may appropriate from the CRF for nonrecurring emergency expenditures if the appropriation is the only subject matter of the Bill and the appropriation does not cause the Fund's balance to be less than 3.75% of the Adjusted Revenue Estimate. An appropriation that reduces the balance below 3.75% must be approved by a three-fifths majority in both the Senate and the House of Representatives, and signed by the Governor.

Appropriation of Funds

The CRF has been used periodically to help balance the General Fund budget during economic downturns that lead to decreases in State tax revenues. In response to the 2008 economic recession, appropriations from the CRF were used to offset reductions in General Fund appropriations to numerous State programs. The included appropriations totaling \$142.4 million in FY 2010 and \$268.9 million in FY 2011.

More recently, during the 2017 Legislative Session, \$131.1 million was transferred from the CRF to the General Fund to offset declining tax revenues that caused the FY 2017 General Fund budget to go out of balance. In response to this action, the General Assembly made two General Fund appropriations of \$20.0 million in FY 2018 and \$111.1 million in FY 2019 to reimburse the CRF.

Related Statutes

Iowa Code sections [8.56](#) and [8.57](#)

More Information

State of Iowa Expenditure Limitation Process: www.legis.iowa.gov/docs/publications/IR/797619.pdf
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