

FISCAL UPDATE Article

Fiscal Services Division

September 27, 2021



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

FY 2021 GENERAL FUND BUDGET SURPLUS

FY 2021 Actual vs. Estimated. The FY 2021 General Fund ended the fiscal year with a surplus of \$1.239 billion. This was \$751.0 million more than the previous estimate of \$487.6 million. Total net General Fund receipts ended the fiscal year at \$8.801 billion, which was \$737.1 million (9.1%) more than the estimate used at the close of the 2021 Legislative Session (**Table 1**). Net appropriations ended the fiscal year \$13.9 million (-0.2%) lower than estimated due to adjustments to standing appropriations being \$1.0 million less than estimated and reversions being \$12.9 million more than estimated. *These numbers are most likely final, but are subject to change before the books officially close on September 30, 2021.*

Table 1
FY 2021 General Fund Budget
(Dollars in Millions)

	FY 2021		
	Estimated 2021 Session	Actual	Actual vs Estimated
Resources			
Net General Fund Receipts	\$ 8,063.5	\$ 8,800.6	\$ 737.1
Surplus Carryforward	246.9	246.9	0.0
Total Resources	<u>\$ 8,310.4</u>	<u>\$ 9,047.5</u>	<u>\$ 737.1</u>
Appropriations			
Enacted Appropriations	\$ 7,778.5	\$ 7,778.5	\$ 0.0
Adjustments to Standing Appropriations	5.1	4.1	- 1.0
Net Supplemental Appropriations	44.2	44.2	0.0
Total Appropriations	<u>\$ 7,827.8</u>	<u>\$ 7,826.8</u>	<u>\$ - 1.0</u>
Reversions	- 5.0	- 17.9	- 12.9
Net Appropriations	<u>\$ 7,822.8</u>	<u>\$ 7,808.9</u>	<u>\$ - 13.9</u>
Ending Balance – Surplus	<u>\$ 487.6</u>	<u>\$ 1,238.6</u>	<u>\$ 751.0</u>

Numbers may not equal totals due to rounding.

Reserve Funds. In accordance with Iowa statute, the FY 2021 General Fund surplus of \$1.239 billion is appropriated to the State's reserve funds for FY 2022 to the extent that the reserves reach a combined balance of 10.0% of the FY 2022 adjusted revenue estimate (**Table 2**). For FY 2021, the combined balances of the Cash Reserve Fund and the Economic Emergency Fund totaled \$801.1 million, which is \$17.4 million above the 10.0% maximum balance. This is due to performance of duty expenses being \$17.4 million less than its estimated budget of \$30.8 million. For FY 2022, the reserve funds are projected to be at the 10.0% maximum balance of \$816.8 million.

	Actual FY 2021	Estimated FY 2022
Cash Reserve Fund		
Balance Brought Forward	\$ 587.9	\$ 587.8
General Fund Transfer from Surplus	<u>305.5</u>	<u>1,238.6</u>
Total	\$ 893.4	\$ 1,826.4
Transfer to Economic Emergency Fund	- 305.6	- 1,213.8
Ending Balance	\$ 587.8	\$ 612.6
<i>Maximum 7.5%</i>	\$ 587.8	\$ 612.6
Economic Emergency Fund		
Balance Brought Forward	\$ 189.5	\$ 213.3
Excess from Cash Reserve	<u>305.6</u>	<u>1,213.8</u>
Total	\$ 495.1	\$ 1,427.1
Transfer to Taxpayer Relief Fund	\$ - 21.5	\$ - 963.1
Executive Council – Performance of Duty	- 13.4	- 26.5
Excess Transferred to General Fund	<u>- 246.9</u>	<u>- 233.3</u>
Ending Balance	\$ 213.3	\$ 204.2
<i>Maximum 2.5%</i>	\$ 195.9	\$ 204.2

Taxpayer Relief Fund. The beginning balance in the Taxpayer Relief Fund in FY 2021 totaled \$74.1 million. The Fund also received an allocation of \$21.5 million from the FY 2020 General Fund surplus after the reserve fund balance requirements were met. The FY 2021 balance in the Fund totals \$90.4 million. In FY 2022, the Taxpayer Relief Fund is estimated to have an available balance totaling \$1.054 billion. The Fund has an estimated carryforward balance of \$90.4 million and is estimated to receive an additional \$963.1 million from the FY 2021 General Fund surplus.

	Actual FY 2021	Estimated FY 2022
Funds Available		
Balance Brought Forward	\$ 74.1	\$ 90.4
General Fund Surplus Transfer	21.5	963.1
Interest	<u>0.1</u>	<u>0.2</u>
Total Funds Available	\$ 95.7	\$ 1,053.7
Expenditures		
Homestead Tax Credit	\$ - 2.8	\$ 0.0
Elderly & Disabled Tax Credit	- 2.5	0.0
Ending Balance	\$ 90.4	\$ 1,053.7

The amount the Taxpayer Relief Fund can receive in a fiscal year is limited to the difference between the actual net General Fund revenue for the preceding fiscal year and the adjusted revenue estimate used in establishing the budget for that fiscal year. The funds are transferred from the excess General Fund surplus dollars only after the 10.0% statutory balance requirement for both reserve funds has been met.

LSA Staff Contact: Laura Book (515.725.0509) laura.book@legis.iowa.gov

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