
FISCAL UPDATE Article

Fiscal Services Division

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LSA GENERAL FUND BALANCE SHEET UPDATE (MARCH 2023)

Revised Revenue Estimates. The Revenue Estimating Conference (REC) met March 10, 2023, and revised the General Fund revenue estimates for FY 2023 and FY 2024. The REC established an FY 2023 estimate of \$9,750.4 million, a decrease of \$53.0 million (-0.5%) compared to actual FY 2022. The FY 2024 estimate established by the March REC is \$9,650.3 million, which reflects a decrease of \$100.1 million (-1.0%) compared to the revised FY 2023 estimate.

FY 2023 Budget Update. The estimate of total funds available for the General Fund in FY 2023 is \$9,947.7 million, which includes the March REC estimate of \$9,750.4 million and \$197.3 million from the FY 2022 surplus carryforward. During the 2022 Legislative Session, appropriations totaling \$8,209.1 million were enacted for FY 2023. The appropriations have been adjusted to reflect a net increase of \$5.7 million to standing appropriations. The FY 2023 General Fund surplus is currently estimated at \$1,737.9 million.

Updated FY 2024 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 2024 are based on the following factors and assumptions:

- The FY 2024 REC revenue estimate set at the March 10 meeting is \$9,750.4 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 2024 is estimated to be \$10,383.6 million.
- The enacted appropriation and standing appropriation adjustment level from FY 2023 (\$8,214.8 million) is used as the baseline for estimated FY 2024 appropriations.
- The LSA's estimated built-in and anticipated expenditure changes for FY 2024 total \$297.9 million. The estimate includes a 3.0% increase to the percent of growth to the State cost per pupil that is used in the calculation of the FY 2024 State school aid appropriation. The 3.0% increase was enacted in [SF 192](#) (FY 2024 Supplemental State Aid Act). The changes in SF 192 result in a projected increase of \$144.1 million to State school aid for FY 2024 compared to FY 2023, including the adjustment necessary to account for the enactment of [SF 181](#) (Residential Rollback and Other Provisions Act). The built-in estimated appropriation adjustment also includes an estimated \$107.4 million for the enactment of [HF 68](#) (Education Savings Account Act). **Figure 2** summarizes the FY 2024 built-in and anticipated expenditures. These estimates reflect the incremental increases above the FY 2023 baseline appropriation level.
- The projected FY 2024 appropriations, totaling \$8,512.7 million, include the baseline amount of \$8,214.8 million plus the \$297.9 million in built-in and anticipated expenditures. This total represents an increase of 3.6% compared to estimated FY 2023. It should be noted that there are several built-in and anticipated expenditure increases for FY 2024 that routinely do not receive funding. For estimating purposes, these items are included in the FY 2024 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.

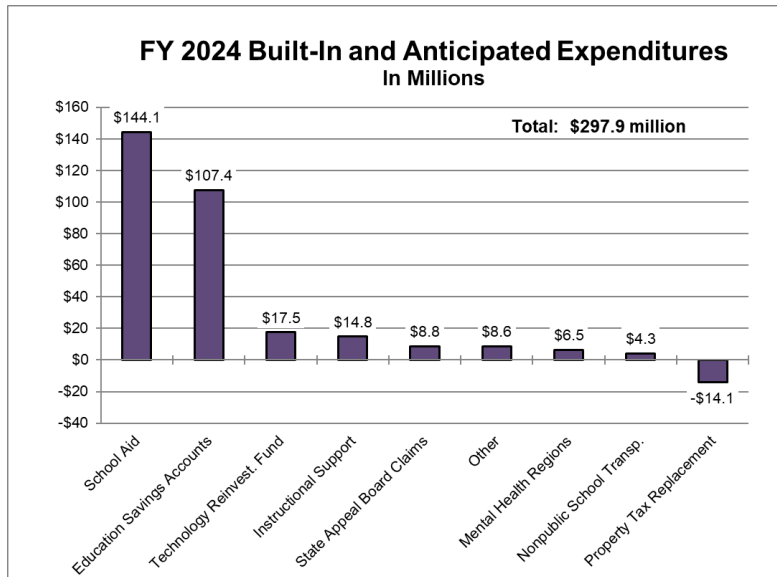
Figure 1 shows the projected General Fund budget for FY 2024 based on the above assumptions. The projected appropriations level for the fiscal year, totaling \$8,512.7 million before estimated reversions, is \$1,870.9 million below the estimated expenditure limitation. The FY 2024 General Fund surplus is projected to equal \$1,997.0 million.

Figure 1

State of Iowa			
Projected Condition of the General Fund			
In Millions			
	Actual FY 2022	Estimated FY 2023	LSA Projection FY 2024
Resources			
Net Receipts (March 10, 2023, REC Est.)	\$ 9,803.4	\$ 9,750.4	\$ 9,650.3
Revenue Adjustments	0.0	0.0	0.0
Subtotal	<u>\$ 9,803.4</u>	<u>\$ 9,750.4</u>	<u>\$ 9,650.3</u>
Surplus Carryforward	233.6	197.3	854.4
Total Available Resources	<u>\$ 10,037.0</u>	<u>\$ 9,947.7</u>	<u>\$ 10,504.7</u>
Expenditure Limitation			\$ 10,383.6
Appropriations and Expenditures			
Appropriations *	\$ 8,118.4	\$ 8,209.1	\$ 8,214.8
Adjustments to Standing Appropriations	18.0	5.7	0.0
Built-In and Anticipated Increases	0.0	0.0	297.9
Supplemental/Deappropriations	0.1	0.0	0.0
Total Appropriations	<u>\$ 8,136.5</u>	<u>\$ 8,214.8</u>	<u>\$ 8,512.7</u>
Reversions	- 13.7	- 5.0	- 5.0
Net Appropriations	<u>\$ 8,122.8</u>	<u>\$ 8,209.8</u>	<u>\$ 8,507.7</u>
Ending Balance – Surplus	<u>\$ 1,914.2</u>	<u>\$ 1,737.9</u>	<u>\$ 1,997.0</u>

* The FY 2024 LSA projected appropriations level is the FY 2023 enacted appropriations level plus any FY 2023 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 2023 and FY 2024. The combined balances are estimated at \$895.2 million for FY 2023 and \$962.5 million for FY 2024.

Figure 3

State of Iowa Reserve Funds			
In Millions			
	<u>Actual FY 2022</u>	<u>Estimated FY 2023</u>	<u>Estimated FY 2024</u>
Cash Reserve Fund			
Funds Available			
Balance Brought Forward	\$ 587.8	\$ 612.6	\$ 671.4
General Fund Transfer from Surplus	1,238.4	1,914.2	1,737.9
Total Funds Available	<u>\$ 1,826.2</u>	<u>\$ 2,526.8</u>	<u>\$ 2,409.3</u>
Transfer to Economic Emergency Fund	- 1,213.6	- 1,855.4	- 1,687.4
Balance	<u>\$ 612.6</u>	<u>\$ 671.4</u>	<u>\$ 721.9</u>
<i>Maximum 7.5%</i>	\$ 612.6	\$ 671.4	\$ 721.9
Economic Emergency Fund			
Funds Available			
Balance Brought Forward	\$ 213.3	\$ 218.0	\$ 223.8
Excess from Cash Reserve Fund	1,213.6	1,855.4	1,687.4
Executive Council – Performance of Duty	- 26.0	- 17.5	- 18.4
Total Funds Available	<u>\$ 1,400.9</u>	<u>\$ 2,055.9</u>	<u>\$ 1,892.8</u>
Excess Surplus	- 1,196.7	- 1,832.1	- 1,652.2
Performance of Duty Adjustment *	13.8	0.0	0.0
Balance	<u>\$ 218.0</u>	<u>\$ 223.8</u>	<u>\$ 240.6</u>
<i>Maximum 2.5%</i>	\$ 204.2	\$ 223.8	\$ 240.6
Distribution of Excess Surplus			
Transfer to General Fund	\$ 233.6	\$ 197.3	\$ 854.4
Transfer to Taxpayer Relief Fund	963.1	1,634.8	797.8
Total	<u>\$ 1,196.7</u>	<u>\$ 1,832.1</u>	<u>\$ 1,652.2</u>
Combined Reserve Fund Balances			
Cash Reserve Fund	\$ 612.6	\$ 671.4	\$ 721.9
Economic Emergency Fund	218.0	223.8	240.6
Total	<u>\$ 830.6</u>	<u>\$ 895.2</u>	<u>\$ 962.5</u>
Statutory Maximum			
Cash Reserve Fund	\$ 612.6	\$ 671.4	\$ 721.9
Economic Emergency Fund	204.2	223.8	240.6
Total	<u>\$ 816.8</u>	<u>\$ 895.2</u>	<u>\$ 962.5</u>

* An adjustment of \$13.8 million was made to the FY 2022 Performance of Duty item to account for FY 2022 expenditures being lower than originally projected.

Taxpayer Relief Fund. For FY 2024, the ending balance in the Taxpayer Relief Fund is estimated at \$3,557.8 million (**Figure 4**). The FY 2024 balance includes an estimated surplus transfer of \$797.8 million from the Economic Emergency Fund.

Figure 4

Taxpayer Relief Fund			
In Millions			
	Actual FY 2022	Estimated FY 2023	Projected FY 2024
Funds Available			
Balance Brought Forward	\$ 90.4	\$ 1,055.3	\$ 2,705.9
General Fund Surplus Transfer	963.1	1,634.8	797.8
Interest	1.8	15.8	54.1
Total Funds Available	\$ 1,055.3	\$ 2,705.9	\$ 3,557.8
Expenditures			
Enacted Expenditures	\$ 0.0	\$ 0.0	\$ 0.0
Transfer to the General Fund	0.0	0.0	0.0
Ending Balance	\$ 1,055.3	\$ 2,705.9	\$ 3,557.8

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