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## FISCAL UPDATE Article

Fiscal Services Division

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### LSA GENERAL FUND BALANCE SHEET UPDATE (MARCH 2026)

**Revised Revenue Estimates.** The Revenue Estimating Conference (REC) met March 12, 2026, and revised the General Fund revenue estimates for FY 2026 and FY 2027. The REC established an FY 2026 estimate of \$8,111.1 million, a decrease of \$831.1 million (-9.3%) compared to actual FY 2025. The FY 2027 estimate established by the March REC is \$8,471.6 million, which reflects an increase of \$360.5 million (4.4%) compared to the revised FY 2026 estimate.

**FY 2026 Budget Update.** The estimate of the total funds available for the General Fund in FY 2026 is \$10,672.1 million, which includes the March REC estimate of \$8,111.1 million in revenue after adjustments and \$1,868.2 million from the FY 2025 surplus carryforward. During the 2025 Legislative Session, appropriations totaling \$9,422.8 million were enacted for FY 2026. The appropriations have been adjusted to reflect a net decrease of \$2.4 million to standing appropriations. The FY 2026 General Fund surplus is currently estimated at \$1,220.3 million.

**Updated FY 2027 Budget Projection.** The Legislative Services Agency's (LSA) General Fund budget projection is intended to assist the General Assembly in evaluating budget decisions for the next fiscal year. The estimates for FY 2027 are based on the following factors and assumptions:

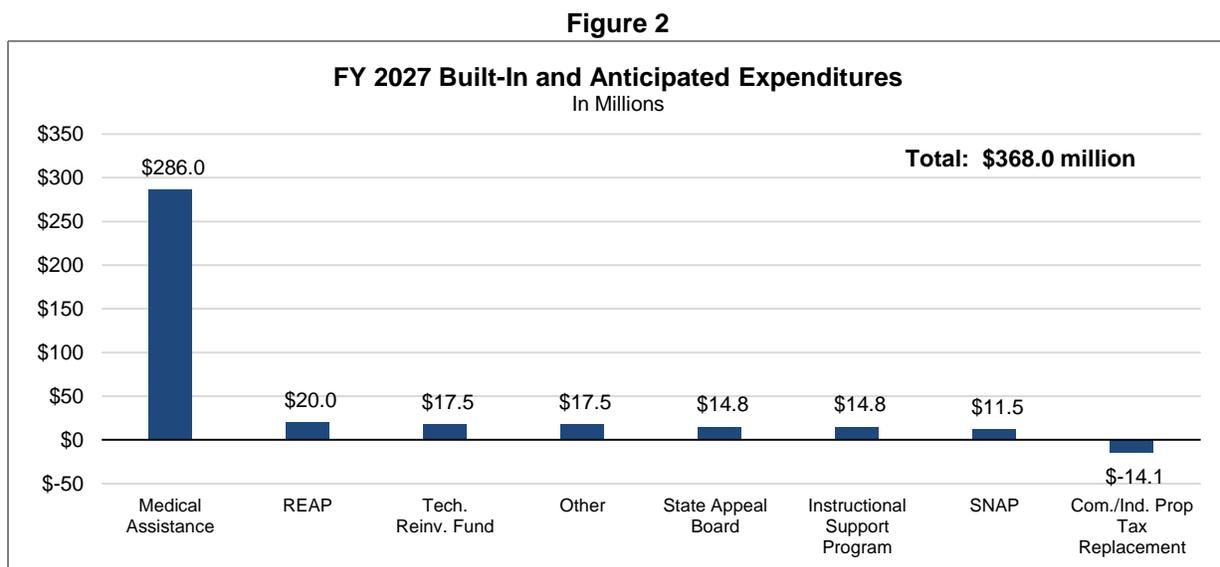
- The FY 2027 REC revenue estimate set at the March 12 meeting is \$8,471.6 million. The REC estimate is based on tax laws and other revenue policies in place at the time the estimate is adopted.
- For FY 2027, \$740.5 million is estimated to be transferred from the Taxpayer Relief Fund (TPRF) to the General Fund. This transfer is not included in the expenditure limitation for FY 2027.
- The expenditure limitation for FY 2027 is estimated to be \$9,569.9 million and is based on the March 12, 2026 REC estimate.
- The enacted appropriation and standing appropriation adjustment level from FY 2026 (\$9,420.4 million) is used as the baseline for estimated FY 2027 appropriations.
- On February 26, 2026, the Governor signed [SF 2201](#) (Supplemental State Aid Act). This Act increased several appropriations by a total of \$169.1 million compared to estimated FY 2026. This Act establishes the state percentage of growth for FY 2027, which determines standing appropriations for K-12 State Foundation Aid, Education Savings Accounts, Charter Schools, and the Transportation Equity Fund. The Act also made appropriations for support salaries for education support personnel.
- The LSA's estimated built-in and anticipated expenditure changes for FY 2027 total \$368.0 million. **Figure 2** summarizes the FY 2027 built-in and anticipated expenditures. These estimates reflect the incremental increases above the FY 2026 baseline appropriation level.
- The projected FY 2027 appropriations, totaling \$9,957.5 million, include the baseline appropriation of \$9,420.4 million plus \$169.1 million in appropriation increases due to 2026 legislative action, and \$368.0 million in built-in increases and anticipated expenditures. This total represents an increase of 5.7% compared to estimated FY 2026. There are several built-in and anticipated expenditure increases for FY 2027 that routinely do not receive funding. For estimating purposes, these items are included in the FY 2027 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 based on the above assumptions. The projected appropriations level for the fiscal year totals \$9,957.5 million before estimated reversions. The FY 2027 General Fund surplus is projected to total \$442.6 million.

**Figure 1**  
**Projected Condition of the General Fund**  
In Millions

	Actual FY 2025	Estimated FY 2026	Projected FY 2027
<b>Resources</b>			
Net Receipts (Dec 11, 2025, REC Est.)	\$ 8,942.2	\$ 8,157.5	\$ 8,498.5
Net Receipts Adjust. (Mar 12, 2026, REC Est.)	0.0	- 46.4	- 26.9
Subtotal	<u>\$ 8,942.2</u>	<u>\$ 8,111.1</u>	<u>\$ 8,471.6</u>
Surplus Carryforward	1,885.7	1,868.2	1,183.0
Transfer from the Taxpayer Relief Fund (TPRF)	3.3	647.9	740.5
<b>Total Available Resources</b>	<u>\$ 10,831.1</u>	<u>\$ 10,627.1</u>	<u>\$ 10,395.1</u>
<b>Expenditure Limitation (Excludes Estimated FY 2027 TPRF Transfer)</b>			<b>\$ 9,569.9</b>
<b>Appropriations and Expenditures</b>			
Appropriations	\$ 8,918.0	\$ 9,422.8	\$ 9,420.4
Adjustments to Standing Appropriations	52.7	- 2.4	0.0
2026 Legislative Action	0.0	0.0	169.1
Built-In and Anticipated Increases	0.0	0.0	368.0
Supplemental/Deappropriations	- 2.0	0.0	0.0
<b>Total Appropriations</b>	<u>\$ 8,968.7</u>	<u>\$ 9,420.4</u>	<u>\$ 9,957.5</u>
Reversions	- 20.0	- 13.6	- 5.0
<b>Net Appropriations</b>	<u>\$ 8,948.7</u>	<u>\$ 9,406.8</u>	<u>\$ 9,952.5</u>
<b>Ending Balance – Surplus</b>	<u>\$ 1,882.4</u>	<u>\$ 1,220.3</u>	<u>\$ 442.6</u>

Note: The General Assembly is required to meet the expenditure limitation under low a Code section 8.54. Projected FY 2027 appropriations are currently \$387.6 million higher than the expenditure limitation. To meet the expenditure limitation, the General Assembly may reduce appropriations compared to the FY 2027 projection, increase General Fund resources through transfers or new revenue, or rely on a combination of both. Totals may not sum due to rounding.



**Reserve Funds.** The balances in the State's two reserve funds (**Figure 3**) are projected to be at the statutory maximum for both FY 2026 and FY 2027. The combined balances are estimated at \$849.2 million for FY 2026 and \$847.2 million for FY 2027.

**Figure 3****State of Iowa Reserve Funds**

In Millions

	<b>Actual FY 2025</b>	<b>Estimated FY 2026</b>	<b>Projected FY 2027</b>
<b>Cash Reserve Fund</b>			
<b>Funds Available</b>			
Balance Brought Forward	\$ 721.4	\$ 697.4	\$ 636.9
Transfer from General Fund Surplus	2,053.4	1,882.4	1,220.3
<b>Total Funds Available</b>	<b>\$ 2,774.8</b>	<b>\$ 2,579.8</b>	<b>\$ 1,857.2</b>
Transfer to Economic Emergency Fund	- 2,077.4	- 1,942.9	- 1,221.8
<b>Balance</b>	<b>\$ 697.4</b>	<b>\$ 636.9</b>	<b>\$ 635.4</b>
<i>Maximum 7.5%</i>	\$ 697.4	\$ 636.9	\$ 635.4
<b>Economic Emergency Fund</b>			
<b>Funds Available</b>			
Balance Brought Forward	\$ 239.7	\$ 193.4	\$ 212.3
Excess from Cash Reserve Fund	2,077.4	1,942.9	1,221.8
Executive Council – Performance of Duty	- 61.2	- 10.7	- 18.1
Disaster Recovery	0.0	- 23.3	- 21.2
<b>Total Funds Available</b>	<b>\$ 2,256.0</b>	<b>\$ 2,102.3</b>	<b>\$ 1,394.8</b>
Excess Surplus	- 2,023.5	- 1,890.0	- 1,183.0
Performance of Duty (POD) Adjustment	- 25.5	0.0	0.0
POD Adj - Nuisance Property Remediation	- 2.0	0.0	0.0
POD Adj - Home Rehab Program	- 11.6	0.0	0.0
<b>Balance</b>	<b>\$ 193.4</b>	<b>\$ 212.3</b>	<b>\$ 211.8</b>
<i>Maximum 2.5%</i>	\$ 232.5	\$ 212.3	\$ 211.8
<b>Distribution of Excess Surplus</b>			
Transfer for School Aid	\$ 8.0	\$ 21.9	\$ 0.0
Transfer to General Fund	1,885.7	1,868.2	1,183.0
Transfer to Taxpayer Relief Fund	129.8	0.0	0.0
<b>Total</b>	<b>\$ 2,023.5</b>	<b>\$ 1,890.0</b>	<b>\$ 1,183.0</b>
<b>Combined Reserve Fund Balances</b>			
Cash Reserve Fund	\$ 697.4	\$ 636.9	\$ 635.4
Economic Emergency Fund	193.4	212.3	211.8
<b>Total</b>	<b>\$ 890.8</b>	<b>\$ 849.2</b>	<b>\$ 847.2</b>
<b>Statutory Maximum</b>			
Cash Reserve Fund	\$ 697.4	\$ 636.9	\$ 635.4
Economic Emergency Fund	232.5	212.3	211.8
<b>Total</b>	<b>\$ 929.9</b>	<b>\$ 849.2</b>	<b>\$ 847.2</b>

**Taxpayer Relief Fund (TPRF).** For FY 2026, the ending balance in the TPRF is estimated at \$3,507.4 million (**Figure 4**). For FY 2027, the ending balance in the TPRF is estimated at \$2,847.0 million. Transfers of \$647.9 million and \$740.5 million are estimated for FY 2026 and FY 2027, respectively.

**Figure 4**

<b>Taxpayer Relief Fund</b>			
In Millions			
	<b>Actual FY 2025</b>	<b>Estimated FY 2026</b>	<b>Projected FY 2027</b>
<b>Funds Available</b>			
Balance Brought Forward	\$ 3,751.5	\$ 4,034.2	\$ 3,507.4
Transfer from General Fund Surplus	129.8	0.0	0.0
Interest	170.1	121.0	80.0
<b>Total Funds Available</b>	<b>\$ 4,051.4</b>	<b>\$ 4,155.3</b>	<b>\$ 3,587.4</b>
<b>Expenditures</b>			
Transfer for School Aid	\$ - 13.9	\$ 0.0	\$ 0.0
Transfer to the General Fund	-3.3	-647.9	-740.5
<b>Ending Balance</b>	<b>\$ 4,034.2</b>	<b>\$ 3,507.4</b>	<b>\$ 2,847.0</b>

Note: Totals may not sum due to rounding.

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