Legislative Services Agency
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Fiscal Services Division

Fiscal Update Article

LSA General Fund Balance Sheet Update (October 2026)

October 19, 2026

Revised Revenue Estimates

The Revenue Estimating Conference (REC) met October 16, 2026, and revised the General Fund revenue estimates for FY 2027 and FY 2028. The REC agreed to an FY 2027 estimate of $8.538 billion, an increase of $230.1 million (2.8%) compared to actual FY 2026. The FY 2028 estimate agreed to by the REC is $8.830 billion, which is an increase of $292.8 million (3.4%) compared to the new FY 2027 estimate.

FY 2026 and FY 2027 Budget Update

Figure 1 compares the General Fund budget estimates for FY 2026 and FY 2027 at the close of the 2026 Legislative Session to the actual FY 2026 numbers and the October estimate for the FY 2027 budget.

The FY 2026 General Fund ended the fiscal year with a $1.617 billion balance, $98.6 million higher than projected at the close of the 2026 Legislative Session. Net receipts for the fiscal year totaled $8.308 billion, $205.1 million above the last estimate. Net appropriations ended the fiscal year $7.9 million higher than estimated due to a combination of increases to standing appropriations and a lower level of appropriation reversions.

The revised estimate of total available resources for FY 2027 is an increase of $158.5 million compared to the estimate at the close of the 2026 Legislative Session. This change is due to an increase in net receipts of $133.1 million, an increase in the surplus carryforward of $93.1 million, and a decrease in the transfer from the Taxpayer Relief Fund (TPRF) of $67.7 million. The revised FY 2027 surplus is now estimated to be $1.032 billion.

Figure 1 – General Fund Budget Point in Time Comparison (in Millions)

	FY 2026			FY 2027		
	End of Session	Actual	Change	End of Session	Oct 2026 Estimate	Change
Resources						
Net Receipts	$ 8,102.5	$ 8,307.5	$ 205.1	$ 8,404.5	$ 8,537.6	$ 133.1
Surplus Carryforward	1,868.2	1,868.2	0.0	1,488.0	1,581.1	93.1
Transfer from the TPRF	696.7	598.1	- 98.6	617.2	549.5	- 67.7
Transfer from the TPRF – OBBBA	347.0	347.0	0.0	0.0	0.0	0.0
Total Available Resources	$ 11,014.3	$ 11,120.8	$ 106.5	$ 10,509.7	$ 10,668.3	$ 158.5
Appropriations and Expenditures						
Enacted Appropriations	$ 9,422.8	$ 9,422.8	$ 0.0	$ 9,641.7	$ 9,641.7	$ 0.0
Adjustments to Standing Approps.	- 2.4	2.8	5.2	0.0	0.0	0.0
Net Supplemental Approps.	89.0	89.0	0.0	0.0	0.0	0.0
Total Appropriations	$ 9,509.4	$ 9,514.6	$ 5.2	$ 9,641.7	$ 9,641.7	$ 0.0
Reversions	- 13.6	- 10.9	2.7	- 5.0	- 5.0	0.0
Net Appropriations	$ 9,495.8	$ 9,503.7	$ 7.9	$ 9,636.7	$ 9,636.7	$ 0.0
Ending Balance – Surplus	$ 1,518.5	$ 1,617.1	$ 98.6	$ 873.1	$ 1,031.6	$ 158.5

Note: Totals may not sum due to rounding

FY 2028 Budget Projection

The Legislative Services Agency (LSA) budget projection for FY 2028 shown in **Figure 2** provides a preliminary analysis of the condition of the General Fund budget for the next fiscal year. The estimates that comprise the FY 2028 projection are based on the following factors and assumptions:

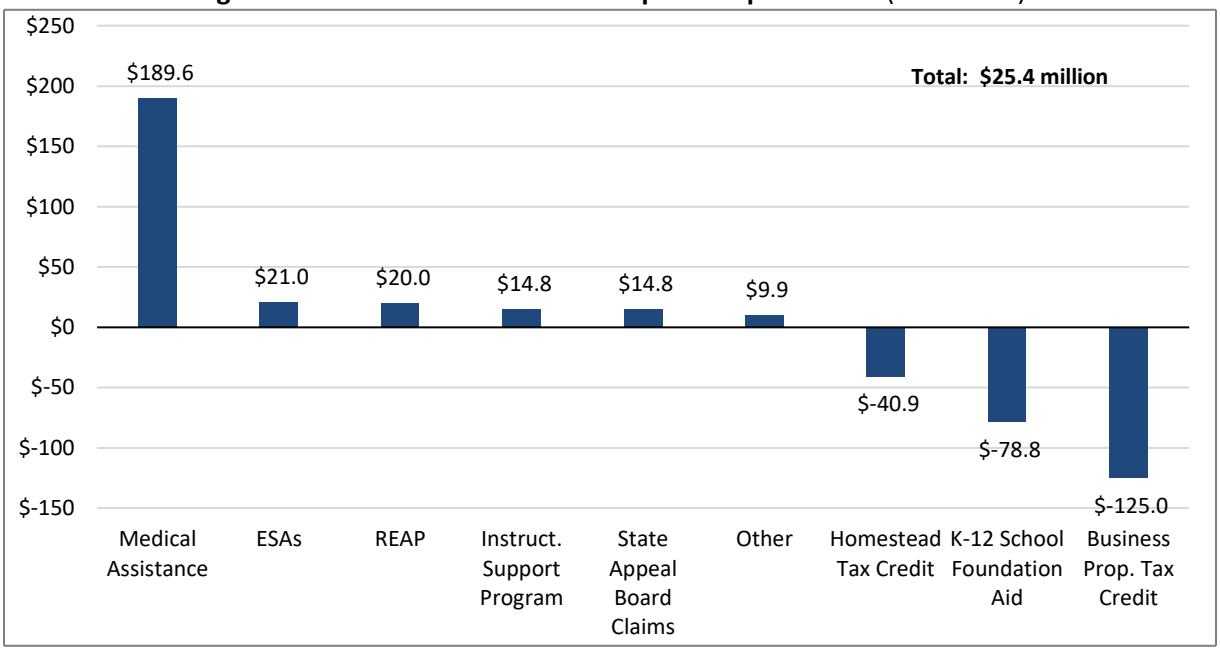
- The FY 2028 REC revenue estimate of $8.830 billion was set on October 16, 2026. The REC estimate is based on tax laws and other revenue policies in place at the time the estimate is adopted. This estimate is included in the calculation of the FY 2028 expenditure limitation.
- The balance carried forward into FY 2028 is expected to be $825.9 million after estimated reserve fund and TPRF requirements are met.
- For FY 2028, $415.8 million is estimated to be transferred from the TPRF to the General Fund. Per 2026 Iowa Acts, House File 2739 (Health Maintenance Organization Taxes, Supplemental Appropriations, and Transfers Act), this transfer is included in the expenditure limitation for FY 2028 and is limited to 50.0% of the difference between net appropriations and the Adjusted Revenue Estimate for FY 2028 and FY 2029.
- The expenditure limitation for FY 2028 is currently estimated to be $9.859 billion, which includes the FY 2028 TPRF transfer into the General Fund, and a reduction of $125.0 million required by 2026 Iowa Acts, Senate File 2472 (Property Taxation Act).
- The enacted FY 2027 appropriations totaling $9.642 billion are used as the baseline for FY 2028 appropriations.
- The LSA's estimated built-in and anticipated expenditure changes for FY 2028 total $25.4 million. **Figure 3** summarizes the built-in and anticipated expenditures. The estimate reflects the incremental increases above the baseline appropriation.
- Reversions are estimated to total $5.0 million. Reversions are appropriated funds that remain unexpended at the close of the fiscal year and are deposited back into the General Fund.

Based on the above assumptions, the FY 2028 General Fund surplus is projected to total $410.1 million.

Figure 2 – Projected Condition of the General Fund (in Millions)

	Actual FY 2026	Estimated FY 2027	Projected FY 2028
Resources			
Net Receipts (Oct 16, 2026, REC Est.)	$ 8,307.5	$ 8,537.6	$ 8,830.4
Subtotal	$ 8,307.5	$ 8,537.6	$ 8,830.4
Surplus Carryforward	1,868.2	1,581.1	825.9
Transfer from the Taxpayer Relief Fund (TPRF)	598.1	549.5	415.8
Transfer from the TPRF - OBBBA	347.0	0.0	0.0
Total Available Resources	$ 11,120.8	$ 10,668.3	$ 10,072.2
Expenditure Limitation			***$ 9,858.9***
Appropriations and Expenditures			
Appropriations	$ 9,422.8	$ 9,641.7	$ 9,641.7
Adjustments to Standing Appropriations	2.8	0.0	0.0
Built-In and Anticipated Increases	0.0	0.0	25.4
Supplemental/Deappropriations	89.0	0.0	0.0
Total Appropriations	$ 9,514.6	$ 9,641.7	$ 9,667.1
Reversions	- 10.9	- 5.0	- 5.0
Net Appropriations	$ 9,503.7	$ 9,636.7	$ 9,662.1
Ending Balance – Surplus	$ 1,617.1	$ 1,031.6	$ 410.1
Note: Totals may not sum due to rounding			

Figure 3 – FY 2028 Built-In and Anticipated Expenditures (in Millions)



Taxpayer Relief Fund

The ending balance in the TPRF is estimated to be $2.785 billion for FY 2027 and $2.579 billion for FY 2028 (**Figure 4**). The TPRF is subject to two statutory provisions that determine whether funding is deposited in or transferred from the Fund. The first provision requires a deposit from the General Fund surplus into the TPRF when actual revenue exceeds the adjusted revenue estimate. Current estimates will not require a transfer in FY 2027 and would require a transfer of $133.1 million in FY 2028. The second provision requires a transfer from the TPRF to the General Fund when net appropriations exceed net receipts. The transfer is 50.0% of the difference between net appropriations and net receipts. 2026 Iowa Acts, House File 2739 (Health Maintenance Organization Taxes, Supplemental Appropriations, and Transfers Act) creates an additional limit on the transfer for FY 2028 and FY 2029. The Act limits the TPRF transfer to the General Fund for these years to 50.0% of the difference between net appropriations and the Adjusted Revenue Estimate. In FY 2026, a transfer of $598.1 million was made, and transfers of $549.5 million and $415.8 million are estimated for FY 2027 and FY 2028, respectively.

Figure 4 – Taxpayer Relief Fund (in Millions)

	Actual FY 2026	Estimated FY 2027	Projected FY 2028
Funds Available			
Balance Brought Forward	$ 4,034.2	$ 3,237.3	$ 2,784.8
Transfer from General Fund Surplus	0.0	0.0	133.1
Interest	148.1	97.1	76.6
Total Funds Available	$ 4,182.4	$ 3,334.4	$ 2,994.5
Expenditures			
Transfer to the General Fund	$ - 598.1	$ - 549.5	$ - 415.8
Transfer to the General Fund - OBBBA	-347.0	0.0	0.0
Ending Balance	$ 3,237.3	$ 2,784.8	$ 2,578.7

Note: Totals may not sum due to rounding.

Reserve Funds

The balances in the State's two reserve funds (**Figure 5**) are projected to be at the statutory maximum for both FY 2027 and FY 2028. The combined balances are estimated to be $840.4 million for FY 2027 and $883.1 million for FY 2028.

Figure 5 – Reserve Funds (in Millions)

Cash Reserve Fund	Actual FY 2026	Estimated FY 2027	Projected FY 2028
Funds Available			
Balance Brought Forward	$ 697.4	$ 636.9	$ 630.3
Transfer from General Fund Surplus	1,882.4	1,617.1	1,031.6
Total Funds Available	$ 2,579.8	$ 2,254.0	$ 1,661.9
Transfer to Economic Emergency Fund	- 1,942.9	- 1,623.7	- 999.6
Balance	$ 636.9	$ 630.3	$ 662.3
Maximum 7.5%	*$ 636.9*	*$ 630.3*	*$ 662.3*
Economic Emergency Fund			
Funds Available			
Balance Brought Forward	$ 193.4	$ 206.8	$ 210.1
Excess from Cash Reserve Fund	1,942.9	1,623.7	999.6
Executive Council – Performance of Duty	- 10.7	- 18.1	- 8.9
Disaster Recovery	- 23.3	- 21.2	- 21.0
Total Funds Available	$ 2,102.3	$ 1,791.2	$ 1,179.8
Excess Surplus	- 1,890.0	- 1,581.1	- 959.0
Performance of Duty (POD) Adjustment	- 28.7	0.0	0.0
Disaster Recov - Reversion	23.3	0.0	0.0
Balance	$ 206.8	$ 210.1	$ 220.8
Maximum 2.5%	*$ 212.3*	*$ 210.1*	*$ 220.8*
Distribution of Excess Surplus			
Transfer for School Aid	$ 21.9	$ 0.0	$ 0.0
Transfer to General Fund	1,868.2	1,581.1	825.9
Transfer to Taxpayer Relief Fund	0.0	0.0	133.1
Total	$ 1,890.0	$ 1,581.1	$ 959.0
Combined Reserve Fund Balances			
Cash Reserve Fund	$ 636.9	$ 630.3	$ 662.3
Economic Emergency Fund	206.8	210.1	220.8
Total	$ 843.7	$ 840.4	$ 883.1
Statutory Maximum			
Cash Reserve Fund	$ 636.9	$ 630.3	$ 662.3
Economic Emergency Fund	212.3	210.1	220.8
Total	$ 849.2	$ 840.4	$ 883.1

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Doc ID 1617036