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**GOVERNOR SUBMITS REVISED BUDGET**

**Revised Budget Submitted.** On March 28, the Governor submitted a revised budget for FY 2017, FY 2018, and FY 2019 in response to General Fund revenue reductions adopted by the Revenue Estimating Conference (REC) on March 14. As a result of the REC action, the Governor is required to submit a revised budget in accordance with Iowa Code section [8.21](#). The Code provision requires the Governor to submit a revised budget within 14 days of the REC meeting when the March REC estimate is lower than the December estimate. The Governor's revised budget incorporates the fiscal impact of [SF 130](#) (FY 2017 Budget Adjustment Act) that was signed into law on February 1.

**Revised FY 2017 Budget.** The Governor is recommending a transfer of \$131.1 million from the Cash Reserve Fund to the General Fund in FY 2017 to cover a projected shortfall due to the downward revision of the March REC estimate for FY 2017. The current balance in the Cash Reserve Fund totals \$553.5 million. The recommended transfer would reduce the balance to \$422.4 million.

**Revised FY 2018 Budget.** The Governor's revised FY 2018 budget addresses a shortfall resulting from a reduction of \$191.8 million to the FY 2018 revenue estimate in March. The Governor's revised budget for FY 2018 is based on an estimate of available resources totaling \$7,383.4 million, which includes the March REC estimate of \$7,364.5 million and a proposed transfer of \$18.9 million in State Wagering Taxes. The revised expenditure limitation under the Governor's revised budget is \$7,308.9 million, which is \$151.6 million less than the expenditure limit of his budget submitted in January. In response to the reduction, the Governor is recommending appropriations totaling \$7,283.6 million, a decrease of \$173.3 million compared to his original budget recommendation. Compared to the revised FY 2017 appropriations, the Governor's revised FY 2018 funding represents an increase of \$24.0 million (0.3%). Included in the Governor's revised FY 2018 budget is a net increase of \$40.1 million for State School Aid and net reductions to State agencies and programs totaling \$16.1 million.

The Governor is also recommending the transfer of \$18.9 million in State Wagering Tax revenues to the General Fund that would otherwise be allocated to the Skilled Worker and Job Creation Fund (SWJCF). The SWJCF receives an annual allocation of \$66.0 million from State Wagering Taxes to fund a variety of programs that target job creation and sustainability. The Governor's recommended transfer will reduce the SWJCF allocation to \$47.1 million for FY 2018.

The Governor's revised FY 2018 budget leaves an estimated ending balance of \$104.8 million, which is transferred to the Cash Reserve Fund at the close of FY 2018, in accordance with current statute.

**Revised FY 2019 Budget.** The Governor revised his FY 2019 budget to account for an estimated reduction of \$232.1 million in revenue. The REC established the first estimate for FY 2019 at the March 14 meeting, which represents an increase of 3.6% (\$262.0 million) compared to the March estimate for FY 2018. The Governor's original budget submitted in January used an unofficial estimate based on 4.0% growth above the December REC estimate for FY 2018.

The Governor's FY 2019 budget is based on a revenue estimate of \$7,626.5 million and an expenditure limitation of \$7,550.2 million. The Governor is recommending \$7,283.6 million in spending for FY 2019, which is an increase of \$236.5 million (3.2%) compared to his revised FY 2018 budget. The significant increases include:

- \$78.5 million for Medicaid.
- \$61.8 million for State School Aid, based on 2.0% per pupil growth.
- \$26.3 million appropriation to the Cash Reserve Fund.
- \$17.5 million for the Technology Reinvestment Fund.
- \$16.2 million for a 2.0% increase for higher education.
- \$10.0 million for Future Ready Iowa grants.

The Governor's revised FY 2019 budget results in an estimated ending balance of \$111.4 million.

**General Fund Balance Sheet.** The following table shows the General Fund balance sheet of the Governor's revised budget and his budget submitted in January for FY 2017, FY 2018, and FY 2019.

<b>State of Iowa</b>						
<b>Governor's Revised General Fund Budget</b>						
(Dollars in Millions)						
	FY 2017		FY 2018		FY 2019	
	Jan. Gov Rec	Revised Gov Rec	Jan. Gov Rec	Revised Gov Rec	Jan. Gov Rec	Revised Gov Rec
<b>Resources</b>						
Receipts (Dec Est)	\$ 7,211.9	\$ 7,211.9	\$ 7,556.3	\$ 7,556.3	\$ 7,858.6	\$ 7,858.6
March REC Adjustment	0.0	- 105.9	0.0	- 191.8	0.0	- 232.1
Net Receipts	7,211.9	7,106.0	7,556.3	7,364.5	7,858.6	7,626.5
Revenue Adjustments	3.3	131.1	- 20.2	18.9	- 23.0	0.0
Subtotal Receipts	7,215.2	7,237.1	7,536.1	7,383.4	7,835.6	7,626.5
Surplus Carryforward (EEF Excess)	18.2	18.2	0.0	0.0	32.6	0.0
<b>Total Available Resources</b>	<b>\$ 7,233.4</b>	<b>\$ 7,255.3</b>	<b>\$ 7,536.1</b>	<b>\$ 7,383.4</b>	<b>\$ 7,868.2</b>	<b>\$ 7,626.5</b>
<b>Expenditure Limitation</b>			<b>\$ 7,460.5</b>	<b>\$ 7,308.9</b>	<b>\$ 7,789.6</b>	<b>\$ 7,550.2</b>
<b>Estimated Appropriations and Expenditures:</b>						
Appropriations	\$ 7,352.3	\$ 7,352.3	\$ 7,456.9	\$ 7,456.9	\$ 7,623.4	\$ 7,283.6
Adjustment to Standing Appropriations	- 4.5	- 4.5	0.0	0.0	0.0	0.0
Appropriation Adjustments	0.0	0.0	0.0	- 173.3	0.0	236.5
Supplemental/Deappropriations	- 110.1	- 88.2	0.0	0.0	0.0	0.0
<b>Total Appropriations</b>	<b>\$ 7,237.7</b>	<b>\$ 7,259.6</b>	<b>\$ 7,456.9</b>	<b>\$ 7,283.6</b>	<b>\$ 7,623.4</b>	<b>\$ 7,520.1</b>
Reversions	- 5.0	- 5.0	- 5.0	- 5.0	- 5.0	- 5.0
<b>Net Appropriations</b>	<b>\$ 7,232.7</b>	<b>\$ 7,254.6</b>	<b>\$ 7,451.9</b>	<b>\$ 7,278.6</b>	<b>\$ 7,618.4</b>	<b>\$ 7,515.1</b>
<b>Ending Balance - Surplus</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>	<b>\$ 84.2</b>	<b>\$ 104.8</b>	<b>\$ 249.8</b>	<b>\$ 111.4</b>

**Appropriations Tracking Report.** A detailed list of the Governor's revised appropriations can be found [here](#).

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