



Revenue Estimating Conference Meeting – December 13

FY 2022 Estimate: The Revenue Estimating Conference (REC) met and revised their estimate for FY 2022 net General Fund Receipts (including transfers). They agreed to increase the estimate by \$126 million compared to the estimates they made in October. With this revision, the FY 2022 general revenue amounts are estimated to be \$260 million (3.0%) above the FY 2021 amount.

FY 2023 Estimate: The REC also revised their estimate for FY 2023. The change resulted in an increase of \$135.9 million compared to the estimate made in October and represents an increase of \$150 million (1.7%) compared to the revised FY 2022 estimate.

Once again, the REC members expressed a level of uncertainty in the short-term economic conditions and the potential impact on Iowa's economy and tax revenues. Estimates in the short-term impacting FY 2022 show more confidence than the estimates for FY 2023.

Revenue Estimating Conference December 13, 2021: Net General Fund Receipts (including Transfers)
(Dollars in Millions)

Actual	Oct. Estimates	December Estimates for FY 2022			
		Dec. REC	Est. FY	Est. FY	Change from Oct.
Actual FY 2021	FY 2022 -	Estimate for FY	Est. FY 2022	2022 vs. FY	REC Estimate for
Net General	October REC	2022	vs. FY 2021	2021	FY 2022
Fund Receipts	Estimate				
\$ 8,800.6	\$ 8,934.2	\$ 9,060.6	\$ 260.00	3.0%	\$ 126.40
	Oct. Estimates	December Estimates for FY 2023			
		Dec. REC	Est. FY 2023	Est. FY	Change from Oct.
	FY 2023 -	Estimate for FY	Vs. Est. FY	2023 vs. FY	REC Estimate for
	October REC	2023	2022	2022	FY 2023
	Estimate				
	\$ 9,074.7	\$ 9,210.6	\$ 150.00	1.7%	\$ 135.90

What does this mean?

FY 2021 net revenues (including transfers) exceeded the March 2021 REC estimates by over \$700 million and the ending FY 2021 general fund surplus totaled \$1.2 billion. Additionally, reserve funds at the end of FY 2021 were at their statutory maximum of \$784 million. Most of the general fund surplus is transferred to the Taxpayer Relief Fund and that fund is estimated to have an ending balance in excess of \$1.0 billion at the end of FY 2022.

The governor and legislature will be establishing the budget for FY 2023, and it's important to note that the new revenue for FY 2023 is estimated at \$135.9 million and any general fund surplus projected to be remaining at the end of FY 2022 is considered one-time money. Also, it's unclear on how the legislature will use funds in the Taxpayer Relief Fund. While the growth in the Taxpayer Relief Fund is impacted by the REC under-estimating actual final revenues, the funds are considered one-time in nature and are likely not to be used for on-going expenditures.

It is anticipated that the governor will provide her budget to the legislature the first week of the legislative session. Included in that budget will be the governor's recommendation for FY 2023 supplemental state aid (SSA), and that is generally the starting point for the legislature as they work to determine the level of funding for school aid during the legislative session.

More on the REC

The Revenue Estimating Conference is a three-member panel that meets three times a year to agree upon the revenue estimates for the current fiscal year and following fiscal year. The December estimates will be used by:

- The governor when submitting budget recommendations to the legislature in January; and
- The legislature when appropriating funds for the state budget during the legislative session.

The next REC meeting will likely be held in March. If the FY 2023 March REC estimates are lower than the December estimates, the legislature will be required to use the March estimates. However, if the REC FY 2023 revenue estimates are increased, the legislature will be bound to the December estimates.

Additional information on the REC is available on the [Department of Management's website](#). Additional information on pertaining to the REC estimates is available on the [General Assembly's website](#).