



Revenue Estimating Conference Meeting – December 11

FY 2021 Estimate: The Revenue Estimating Conference (REC) met and revised their estimate for FY 2021 net General Fund Receipts (including transfers). They agreed to increase the estimate by \$57.6 million compared to the estimates they made in October. With this revision, the FY 2021 general revenue amounts are estimated to be \$38.7 million (0.5%) above the FY 2020 amount.

FY 2022 Estimate: The REC also revised their estimate for FY 2022. The change resulted in an increase of \$34.9 million compared to the estimate made in October and represents an increase of \$296.4 million (3.7%) compared to the revised FY 2021 estimate.

In general, 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. However, they did predict a small overall revenue growth for the current fiscal year (FY 2021).

Revenue Estimating Conference December 11, 2020: Net General Fund Receipts (including Transfers)
(Dollars in Millions)

Actual	Oct. Estimates	December Estimates for FY 2021			
		Dec. REC Estimate for FY 2021	Est. FY 2021 vs. FY 2020	Est. FY 2021 vs. FY 2020	Change from Oct. REC Estimate for FY 2021
Actual FY 2020 Net General Fund Receipts	FY 2021 - October REC Estimate	\$ 7,969.3	\$ 38.70	0.5%	\$ 57.60
Actual	Oct. Estimates	December Estimates for FY 2022			
		Dec. REC Estimate for FY 2022	Est. FY 2022 Vs. Est. FY 2021	Est. FY 2022 vs. FY 2021	Change from Oct. REC Estimate for FY 2022
	FY 2022 - October REC Estimate	\$ 8,265.7	\$ 296.40	3.7%	\$ 34.90

What does this mean?

Despite the impact of the COVID-19 pandemic, FY 2020 net revenues (including transfers) ended the fiscal year at about \$71.8 million (0.9%) higher than FY 2019 and slightly below the May REC estimate by \$6.1 million (-0.1%). At the close of FY 2020, the state general fund had an ending balance of approximately \$305 million, including a General Fund surplus carry-forward for FY 2021 of \$252 million. Additionally, reserves funds at the end of FY 2020 totaled \$777 million. The governor and legislature will be establishing the budget for FY 2022, and it’s important to note that the new revenue

for FY 2022 is estimated at \$296 million and any general fund surplus projected to be remaining at the end of FY 2021 is considered one-time money.

Because of the enrollment losses that many districts experienced this past fall due to the COVID-19 pandemic, the cost of Supplemental State Aid (SSA) will be less than it has been in past years. Additionally, establishing a higher SSA state percent of growth rate will help reduce the budget guarantee cost (budget guarantee is funded entirely through local property taxes). 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 2022 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 2022 March REC estimates are lower than the December estimates, the legislature will be required to use the March estimates. However, if the REC FY 2022 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](#).