

Fiscal Year Ends with Economy Improving

With preliminary numbers showing a \$265 million unexpected revenue gain, the state will likely end the 2010 fiscal year with a strong budget surplus of over \$300 million. While the state won't officially close the books on fiscal year 2010 for a couple months, the unexpected gain is a sign the state's economy is improving.

The Revenue Estimating Conference had projected a \$500 million decline in revenues from fiscal year 2009, an estimate that assumed Iowa would lag behind the national recovery. The preliminary figures released after the state fiscal year ended on June 30 show the state experiencing a \$235 million decline in revenues, leaving \$265 million in an unexpected gain.

The Legislature balanced the fiscal year 2010 budget by limiting general fund expenditures to \$5.3 billion, leaving a projected ending balance of \$100 million. These new revenue figures will push up the end of the year surplus to over \$300 million.

Fiscal Year 2011

The Legislature approved a balanced budget again for fiscal year 2011, which started on July 1st by using reserve funds and one-time funding. General fund expenditures are \$5.277 billion, which is less than fiscal year 2010.

The Legislature took steps to control state spending and find government efficiencies that will save taxpayers over \$300 million and balance the budget. The fiscal year 2011 budget has a \$182 million projected surplus.

Iowa's Savings Accounts

The growing surplus will be deposited into the state's savings accounts later this year. With \$200 million already in savings, the additional surplus will help Iowa weather another economic downturn and bring the total in our savings account to about \$460 million.

At the end of the Legislature's fiscal year 2011 balanced budget, with a \$182 million surplus, the state's savings accounts will again be nearly full.

Iowa Receives "Triple Crown" Rating

Iowa is one of just seven states to earn the "triple crown" of credit ratings from all three of the major agencies that rate fiscal health for businesses and governments in the country, and Iowa was tied for 2nd best in the nation for fiscal strength from the non-partisan Pew Center on the States.

The Legislature's focus on small businesses, renewable energy, and other job creation initiatives is also helping Iowa's economy recover. Recent reports show fewer unemployed Iowans, a positive hiring outlook from Iowa businesses over the next six months, and strong job growth in the first five months of the year.