

Fact Sheet #4

State of Iowa Budget Basics

- The Budget Year (Fiscal Year) for the State of Iowa and all of its local governments begins on July 1 each year and ends June 30 of the following calendar year
- The current State Budget for FY 2025-2026 is \$9.417 billion
 - This amount is 5.4% higher than the previous Fiscal Year
- Projected income to the State is estimated at \$8.51 billion, creating a shortfall of nearly \$1 billion
 - The shortfall is partly due to previous State income tax cuts
- To balance the budget, the Legislature and Governor dipped into the Reserve Funds *
- The State budget is frequently impacted by the national economy in times of recession or expansion
- Current national economic trends point to a possible retraction of State revenues during this budget year

**Source: National Assoc. of State Budget Officers (NASBO) & State of Iowa*