

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.
- By law, the budget must be balanced at the end of every fiscal year.
- To balance the budget, the Legislature and Governor draws from 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. (See the document titled “State of Iowa Goes Deeper in the Red” for budget estimates as of March 2026.)

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