

Budget Stabilization Fund

- The Countercyclical Budget and Economic Stabilization Fund (BSF) was established by Public Act 76 of 1977.
- The BSF is a cash reserve or "Rainy Day Fund" for the State.
- Deposits and withdrawals must be appropriated annually, except for Trust Fund Act earmarked revenue.

Estimated Balance and Limits

- Estimated closing balance is \$1,152.7 million in FY 2018-19, as shown in Table 1.
- The BSF is 4.7% of estimated combined General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue in FY 2018-19.
- The statutory maximum size of the BSF is 15.0% of combined GF/GP and SAF revenue or an estimated \$3.7 billion in FY 2018-19.

BSF Deposits

Management and Budget Act Provisions

- Reflect economic conditions: growth of more than 2% in personal income less transfer payments adjusted for inflation results in a calculated pay-in in the next fiscal year.
- Deposit the amount of the General Fund closing balance to the BSF.

Trust Fund Act Earmarked Revenue

- \$17.5 million from tobacco settlement revenue is deposited to the BSF annually from FY 2014-15 to FY 2034-35 per agreement to repay the BSF for the appropriation of \$194.8 million to the settlement administration fund related to the Detroit bankruptcy.

Discretionary Deposits

- Timing varies: from initial appropriations to book closing.
- Deposit revenue from sale of State assets (sale of former workers compensation fund, \$177.6 million in FY 1994-95).

BSF Withdrawals

Management and Budget Act Provisions

- Decline in personal income adjusted for inflation results in a calculated withdrawal in the current fiscal year.
- If triggered, the Legislature may appropriate up to 25% of the available fund balance in the current year.
- If personal income is forecast to be negative in subsequent fiscal years, the Legislature then may appropriate up to 25% of the available Fund balance in the first fiscal year for each subsequent fiscal year.
- Allows emergency withdrawals with two-thirds majority vote, however, statutory supermajority requirement apparently can be amended by simple majority.

Discretionary Withdrawals

- Balance the State budget (GF/GP and SAF).
- Pay lawsuit settlements (*Miller Brothers*, FY 1994-95, and *Durant*, FY 1997-98 to FY 2002-03).
- Money to State Trunk Line Fund (FY 1996-97, FY 1999-2000 to FY 2001-02).

Table 1

**BUDGET AND ECONOMIC STABILIZATION FUND
TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1998-99 TO FY 2021-22 ESTIMATES
(millions of dollars)**

Fiscal Year ^{a)}	Pay-In		Interest Earned	Pay-Out	Fund Balance
	Trust Fund Act	Other Approp.			
1998-99		\$244.4	\$51.2	\$73.7	\$1,222.5
1999-00		100.0	73.9	132.0	1,264.4
2000-01		0.0	66.7	337.0	994.2
2001-02		0.0	20.8	869.8	145.2
2002-03		9.1	1.8	156.1	0.0
2003-04		81.3	0.0	0.0	81.3
2004-05		0.0	2.0	81.3	2.0
2005-06		0.0	0.0	0.0	2.0
2006-07		0.0	0.1	0.0	2.1
2007-08		0.0	0.1	0.0	2.2
2008-09		0.0	0.0	0.0	2.2
2009-10		0.0	0.0	0.0	2.2
2010-11		0.0	0.0	0.0	2.2
2011-12		362.7	0.2	0.0	365.1
2012-13		140.0	0.5	0.0	505.6
2013-14 ^{b)}		75.0	0.4	194.8	386.2
2014-15 ^{c)}	17.5	94.0	0.4	0.0	498.1
2015-16	17.5	95.0	1.8	0.0	612.4
2016-17	17.5	75.0	5.1	0.0	710.0
2017-18	17.5	265.0	13.5	0.0	1,006.0
Enacted Deposits and Estimated Interest Earnings:					
2018-19 ^{d)}	\$17.5	\$100.0	\$29.2	\$0.0	\$1,152.7
2019-20	17.5	0.0	35.7	0.0	1,205.9
2020-21	17.5	0.0	37.4	0.0	1,260.8
2021-22	17.5	0.0	40.3	0.0	1,318.6
<p>a) For FY 1998-99 to FY 2017-18 the table shows the actual appropriated pay-in and pay-out to the BSF and the interest earned as reported in the State of Michigan Comprehensive Annual Financial Report. FYs 2018-19 to FY 2021-22 include enacted legislation (Public Act 618 of 2018) and estimated interest earnings.</p> <p>b) Pay-in was appropriated in Public Act 59 of 2013. Pay-out is the transfer of \$194.8 million in FY 2013-14 per PA 188 of 2014 from the BSF to the Settlement Administration Fund related to the Detroit bankruptcy.</p> <p>c) PA 252 of 2014 appropriated \$94.0 million to the BSF and PA 186 of 2014, which amended the Trust Fund Act, authorizes the deposit of \$17.5 million of tobacco settlement revenue to the BSF annually from FY 2014-15 to FY 2034-35 to repay the withdrawal related to the Detroit bankruptcy.</p> <p>d) Public Act 618 of 2018 appropriated \$100.0 million. There was no calculated deposit for FY 2018-19.</p>					
Source: State of Michigan Comprehensive Annual Financial Reports through FY 2017-18 and Senate Fiscal Agency.					

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