

APPENDIX F. Budget Reserve (“Rainy Day”) Fund

The Budget Reserve Fund (BRF) is a reserve that can be used in lieu of borrowing to solve a General Fund deficit at the close of a fiscal year. During the previous two decades, BRF balances grew over time and were drawn down to help solve General Fund deficits as the economy entered into recession. However, relatively weak revenue growth and rising fixed costs in the current decade have stymied growth in the BRF. Deposits have been limited and withdrawals were triggered in fiscal years 2015, 2016 and 2017.

“Volatility Adjustment” Transfers

When anticipated revenues are projected to exceed a statutory cap, the excess must be transferred to the BRF. This transfer is called a “volatility adjustment,” and it is required under a law that took effect in FY 18. This statutory cap, along with several other caps, is incorporated into a June 2018 bond covenant that restricts policy changes for 5 years.

Budget Reserve Fund Activity and Balance In Millions of Dollars			
FY	Begin Balance	Change	End Balance
2004	-	302.2	302.2
2005	302.2	363.8	666.0
2006	666.0	446.5	1,112.5
2007	1,112.5	269.2	1,381.7
2008	1,381.7	-	1,381.7
2009	1,381.7	-	1,381.7
2010	1,381.7	(1,278.5)	103.2
2011	103.2	(103.2)	-
2012	-	93.3	93.3
2013	93.3	177.2	270.5
2014	270.5	248.5	519.0
2015	519.0	(113.2)	405.8
2016	405.8	(170.4)	235.4
2017	235.4	(22.5)	212.9
2018 (est.)	212.9	972.4	1,185.3
2019 (proj.)	1,185.3	373.6	1,558.9