FISCAL SNAPSHOT

BUDGET STABILIZATION FUND

Date: June 2026 **Analyst: Ben Gielczyk**

Summary

Created in 1977, the Countercyclical Budget and Economic Stabilization Fund, more commonly referred to as the Budget Stabilization Fund (BSF), is the state's rainy day fund, which serves as a reserve of funds to contribute to or withdraw from throughout economic and budget cycles to alleviate the need for major budget-balancing actions during an economic downturn.

Background

Pursuant to section 352 of the Management and Budget Act, a trigger calculation (see section 210 of Article 5) indicates whether a pay-in (deposit) or pay-out (withdrawal) is recommended. As a practical matter, the calculations for transfers into and out of the BSF have served as a guideline for the legislature. Deposits into the BSF are typically done through budget bill boilerplate language, and withdrawals through statutory amendments. Emergency withdrawals from the fund are permitted in certain circumstances. Outside of legislative appropriations, the BSF realizes growth from interest earnings and received a statutorily required deposit of $17.5 million of tobacco settlement revenues through FY 2024-25 (repayment for BSF assistance with the Detroit bankruptcy settlement). The balance of the BSF must not exceed 15% of the combined GF/GP and School Aid Fund (SAF) revenues.

Recent Activity

As part of the FY 2023-24 budget, $100.0 million was appropriated in Article 5 of 2023 PA 119. The FY 2024-25 budget, 2024 PA 121, includes a $50.0 million appropriation. There were no legislative deposits or withdrawals included in FY 2025-26.

The Bottom Line

After spending down a record $1.3 billion balance, or 6.1% of combined GF/GP and SAF revenue, in the early 2000s following the 2001 recession, the BSF balance effectively remained zero between FY 2002-03 and FY 2010-11. Since that time, the BSF balance has steadily increased to an estimated nominal historic high of just under $2.2 billion, or 6.5% of GF/GP and SAF revenues, at the close of FY 2024-25 with recent appropriations and interest earnings estimated to increase the BSF balance to over $2.2 billion, or 6.7% of combined GF/GP and SAF revenues, by the close of FY 2025-26 (See **Figure 1** and **Table 1**).

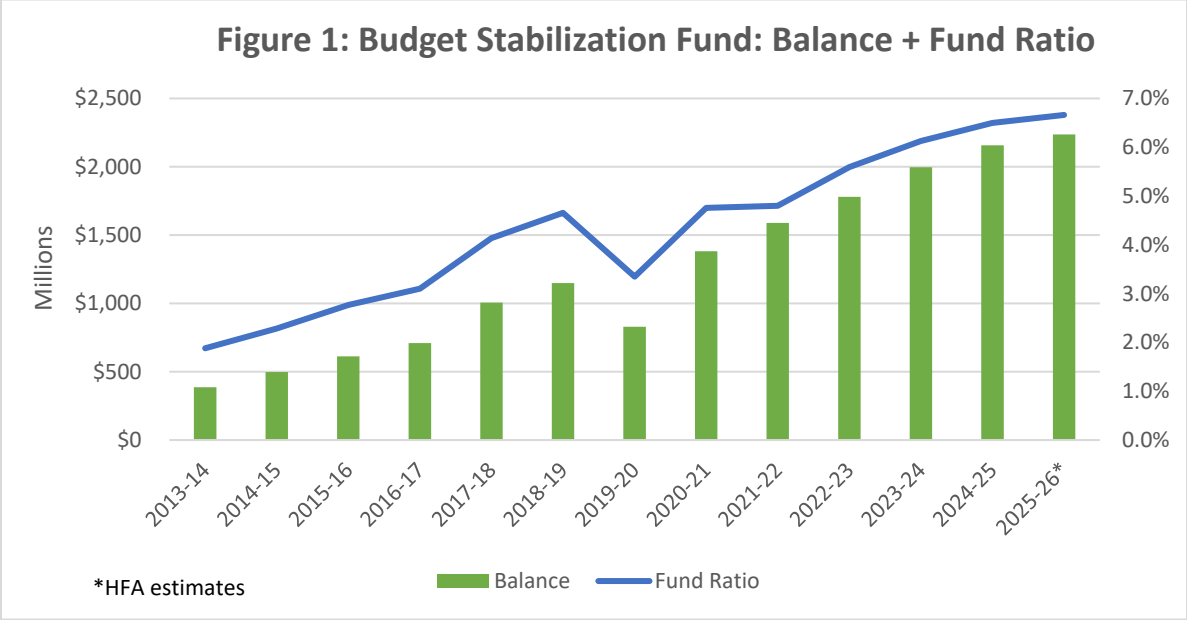

Table 1 – Budget Stabilization Fund

Deposits, Withdrawals, Interest Earnings, Year-End Balances, and Fund Ratios

Fiscal Year	Deposits*	Withdrawals	Interest Earnings	Year-End Balance	Fund Ratio
2013-14	$75.0	$194.8	$0.4	$386.2	1.9%
2014-15	111.6	--	0.3	498.1	2.3%
2015-16	112.5	--	1.7	612.4	2.8%
2016-17	92.5	--	5.1	710.0	3.1%
2017-18	282.4	--	13.5	1,005.9	4.1%
2018-19	117.5	--	25.1	1,148.5	4.7%
2019-20	17.3	350.0	13.2	829.0	3.3%
2020-21	552.2	--	1.0	1,382.2	4.8%
2021-22	197.2	--	9.3	1,588.8	4.8%
2022-23	117.5	--	74.1	1,780.4	5.6%
2023-24	117.5	--	98.7	1,996.6	6.1%
2024-25	67.5	--	87.7	2,157.4	6.5%
2025-26 (est)	0.0	--	76.0	2,236.9	6.7%

**Beginning in FY 2014-15, deposits include the statutorily required $17.5 million tobacco settlement deposit associated with the Detroit bankruptcy; this deposit ended in FY 2024-25 under 2025 PA 28.*