

# FISCAL SNAPSHOT

## BUDGET STABILIZATION FUND

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### 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

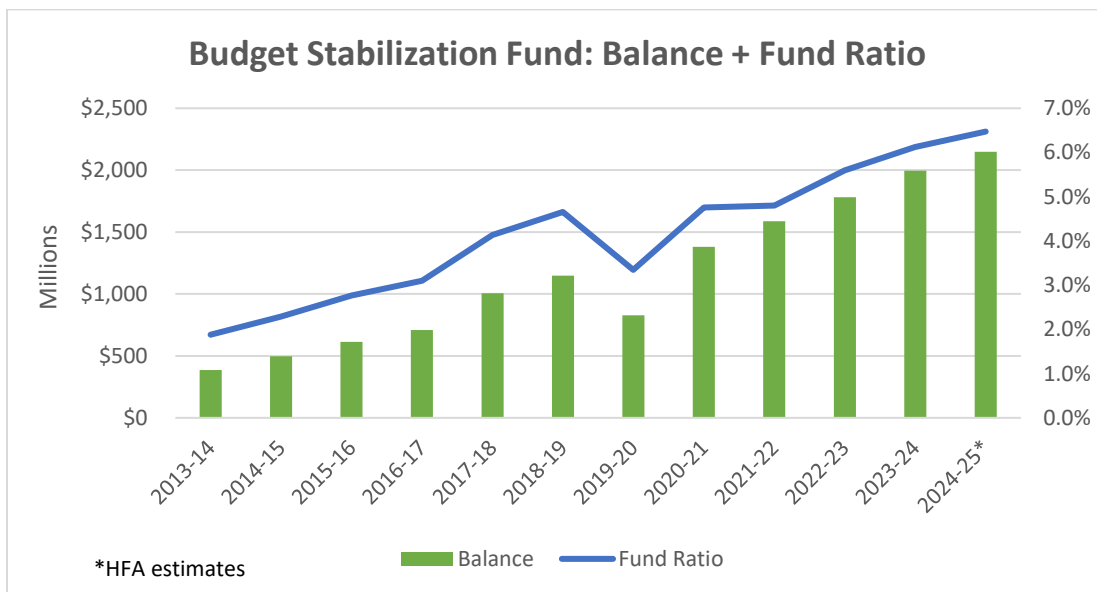
Pursuant to [section 352](#) of the Management and Budget Act, a [trigger calculation](#) (see section 210 at the link) indicates whether a pay-in (deposit) or pay-out (withdrawal) is recommended. As a practical matter, the calculations for transfers into and out of the BSF have served as a guideline 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 a [statutorily required deposit of \\$17.5 million](#) of tobacco settlement revenues through FY 2034-35 (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.

### 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 \$2.0 billion, or 6.1% of GF/GP and SAF revenues, at the close of FY 2023-24 with recent appropriations and interest earnings estimated to increase the BSF balance to over \$2.1 billion, or 6.5% of GF/GP and SAF revenues, by the close of FY 2024-25 (See **Figure 1** and **Table 1**).



**Table 1 – Budget Stabilization Fund  
Deposits, Withdrawals, Interest Earnings, Year-End Balances, and Fund Ratios**

<u>Fiscal Year</u>	<u>Deposits*</u>	<u>Withdrawals</u>	<u>Interest Earnings</u>	<u>Year-End Balance</u>	<u>Fund Ratio</u>
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 (est)	67.5	--	83.3	2,147.4	6.5%

*\*Beginning in FY 2014-15, deposits include the statutorily required \$17.5 million tobacco settlement deposit associated with the Detroit bankruptcy*