



ECONOMIC STABILIZATION FUND (ESF) OVERVIEW

The Texas Economic Stabilization Fund (ESF) was established by the passage of a constitutional amendment in **1988**. Since its establishment, deposits to the fund have totaled **\$20.9 billion**. The Texas Legislature has passed eight bills appropriating **\$11.6 billion** from the fund. The 2017 balance (**\$10.3 billion**) is the **largest** among all state stabilization funds and **third largest** as a percentage of state expenditures (**19.2%**).

In November 2016 a sufficient balance in the ESF of **\$7.5 billion** was adopted. If the balance falls below this amount, deposits to the ESF are increased until the balance is reestablished. The maximum balance for the 2018-19 biennium is **\$16.9 billion**.

Historically, the ESF has been held in the Treasury Pool, a low risk, high liquidity cash equivalent fund. Beginning in 2016, a portion of the ESF exceeding the Sufficient Balance has been invested outside of the Treasury Pool in less liquid, higher yielding fixed income assets.

\$16.9 BILLION

2018-19 MAXIMUM BALANCE

\$7.5 BILLION

2018-19 SUFFICIENT FUND BALANCE

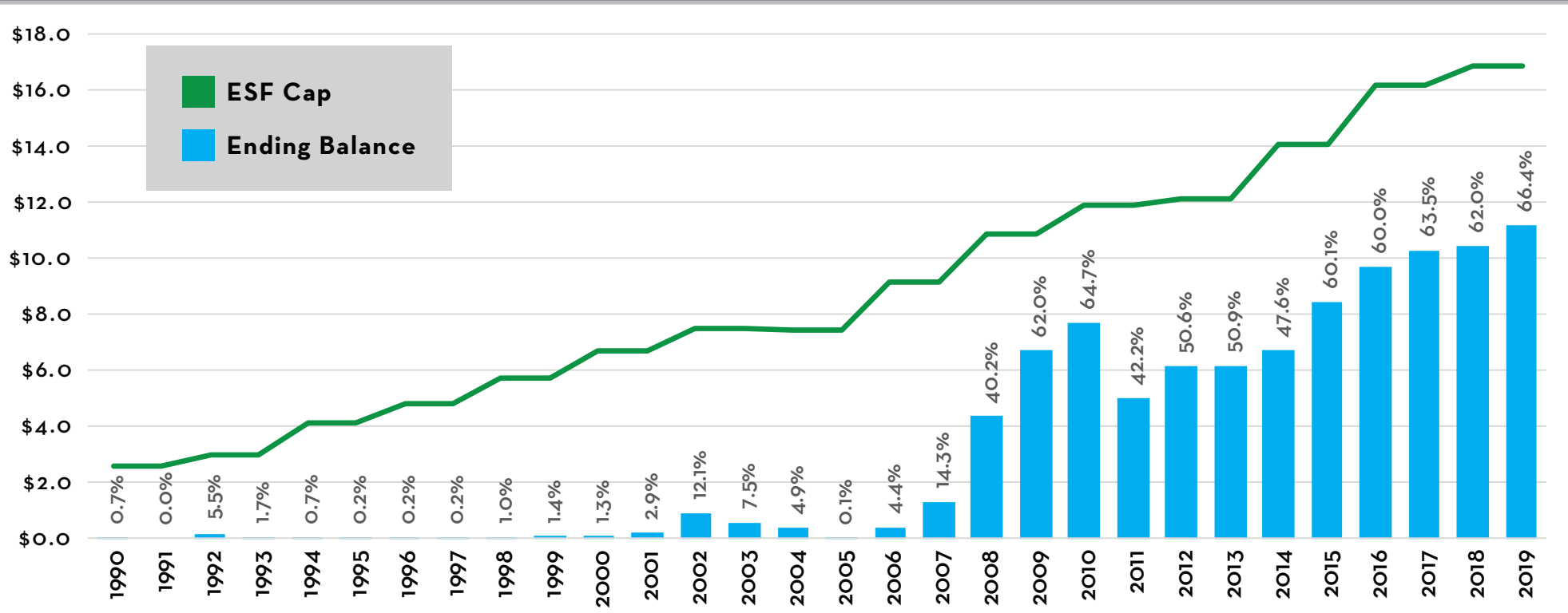
AUG 31, 2017 ESF BALANCE

\$10.3 BILLION

\$8.2 BILLION
TREASURY POOL

\$2.1 BILLION
NON-TREASURY POOL

ESF ENDING BALANCE VS. CAP (IN BILLIONS)

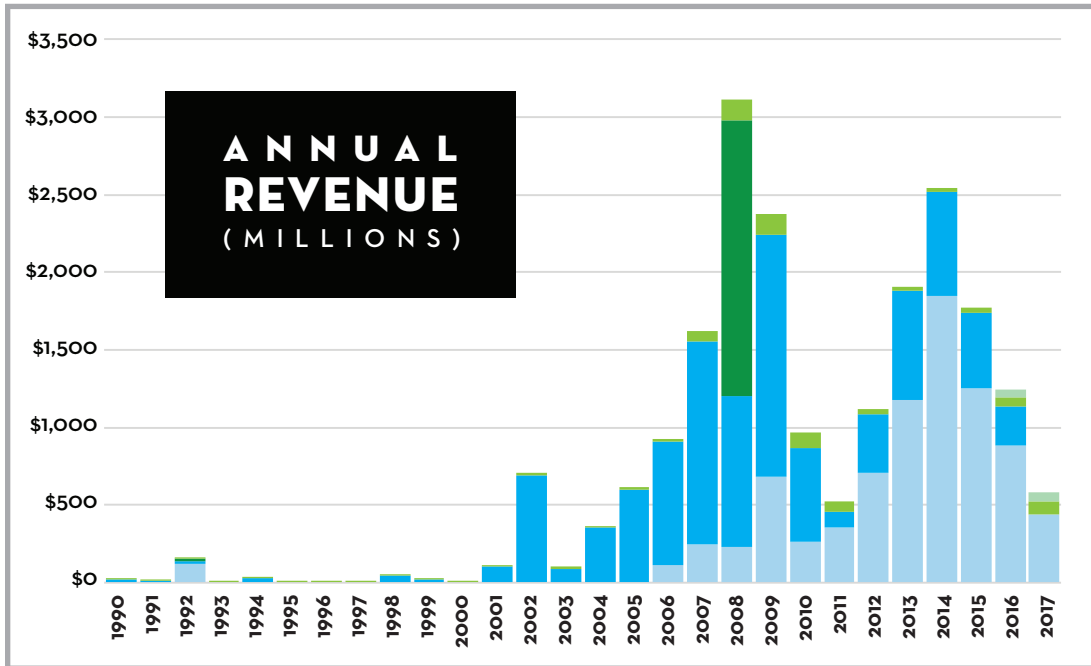


40 STATES
CAP THEIR STABILIZATION FUND
5%-10%
OF ANNUAL
REVENUE OR EXPENDITURE

TEXAS
BIENNIAL CAP
10%
OF BIENNIAL GR DEPOSITS



REVENUE where does it come from?



| SOURCE | TOTAL (MILLIONS) | % OF TOTAL |
|-------------------------------------|-------------------|---------------|
| Natural Gas Production Tax Transfer | \$9,791.8 | 46.9% |
| Oil Production Tax Transfer | \$8,301.6 | 39.7% |
| Unencumbered Balance Transfer | \$1,800.1 | 8.6% |
| Interest Income | \$880.0 | 4.2% |
| Investment Income | \$113.6 | 0.5% |
| Total (1990-2017) | \$20,887.2 | 100.0% |

APPROPRIATIONS where does it go?

| PURPOSE | TOTAL (MILLIONS) | % OF TOTAL |
|---|-------------------|---------------|
| Public Education | \$3,541.4 | 30.4% |
| General Deficit Reduction | \$3,198.7 | 27.5% |
| Economic Development | \$2,395.0 | 20.6% |
| Health & Human Services | \$1,126.8 | 9.7% |
| State Facilities Repairs & Deferred Maintenance | \$708.6 | 6.1% |
| Disaster Relief | \$302.6 | 2.6% |
| Corrections | \$197.8 | 1.7% |
| One-time Grants to Local Entities | \$170.3 | 1.5% |
| Judicial | \$0.04 | 0.0% |
| Total (1990-2017) | \$11,641.2 | 100.0% |

TOTAL ESF APPROPRIATED
\$11,641.2 MILLION 1990-2017

