



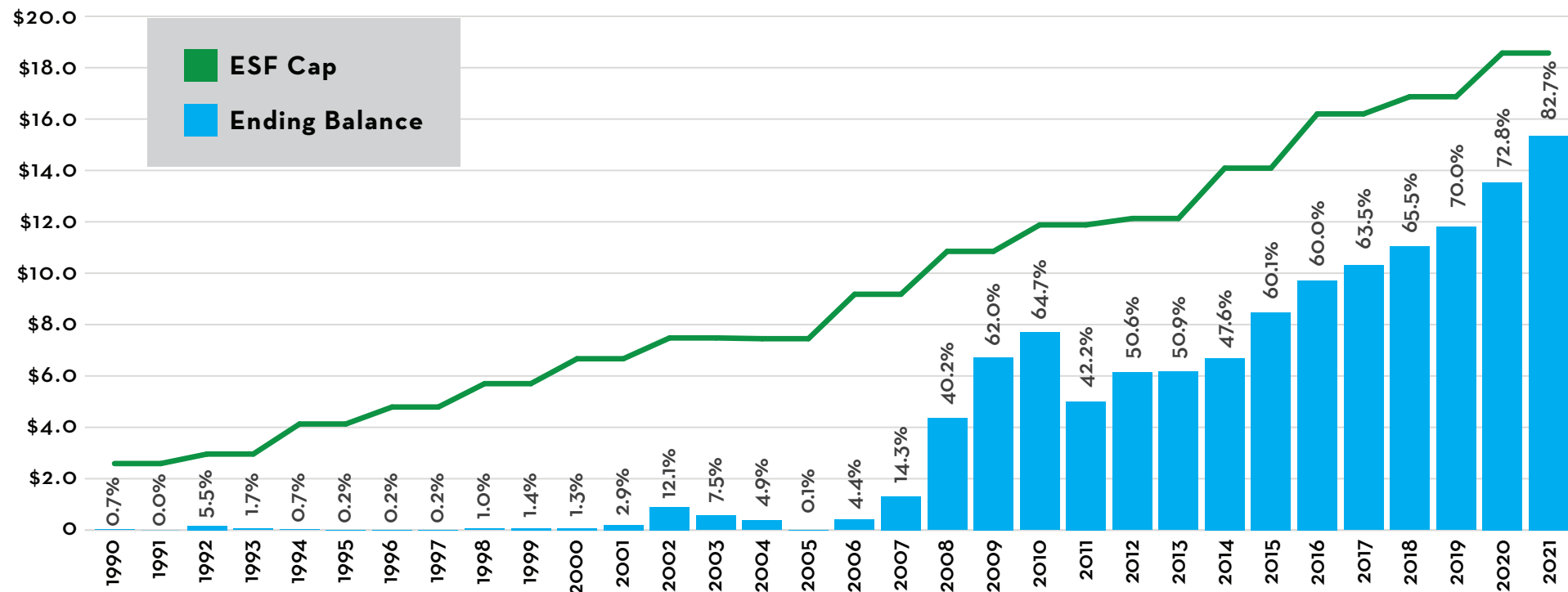
ECONOMIC STABILIZATION FUND (ESF) OVERVIEW

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 **\$21.8 billion**. The Texas Legislature has passed eight bills appropriating **\$11.6 billion** from the fund. The 2018 balance (**\$11.0 billion**) is the **second largest** among all state stabilization funds and **third largest** as a percentage of state expenditures (**18.7%**).

In November 2018 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 2020-21 biennium is **\$18.6 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.

ESF ENDING BALANCE VS. CAP (IN BILLIONS)



Note: 2019-2021 balances are forecasts from the January 2019 Biennial Revenue Estimate

\$18.6 BILLION
2020-21 MAXIMUM BALANCE

\$7.5 BILLION
2020-21 SUFFICIENT FUND BALANCE

AUG 31, 2018 ESF BALANCE

\$11.0
BILLION

\$8.7
BILLION
TREASURY
POOL

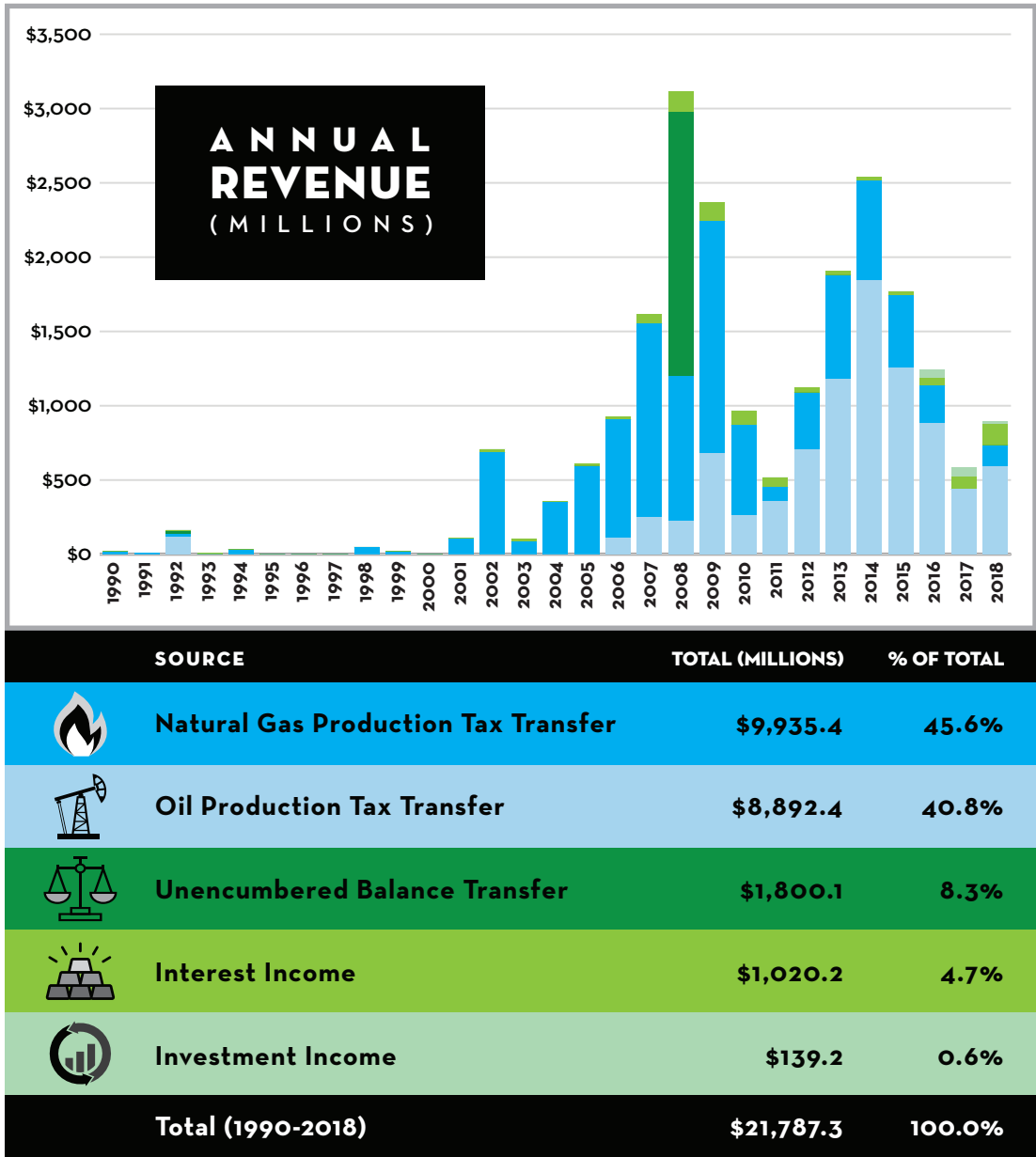
\$2.3
BILLION
NON-TREASURY
POOL

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?



APPROPRIATIONS where does it go?

