



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

40 STATES CAP THEIR STABILIZATION FUND

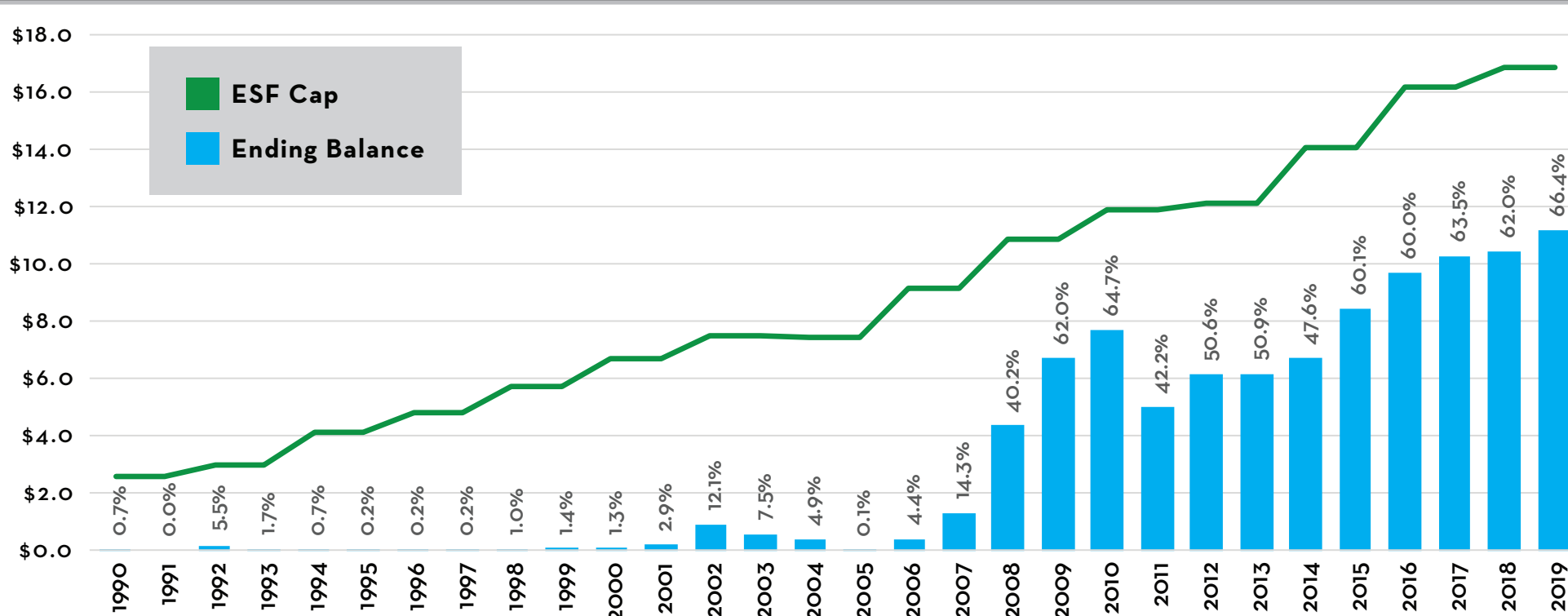
5%-10% OF ANNUAL REVENUE OR EXPENDITURE

TEXAS

BIENNIAL CAP

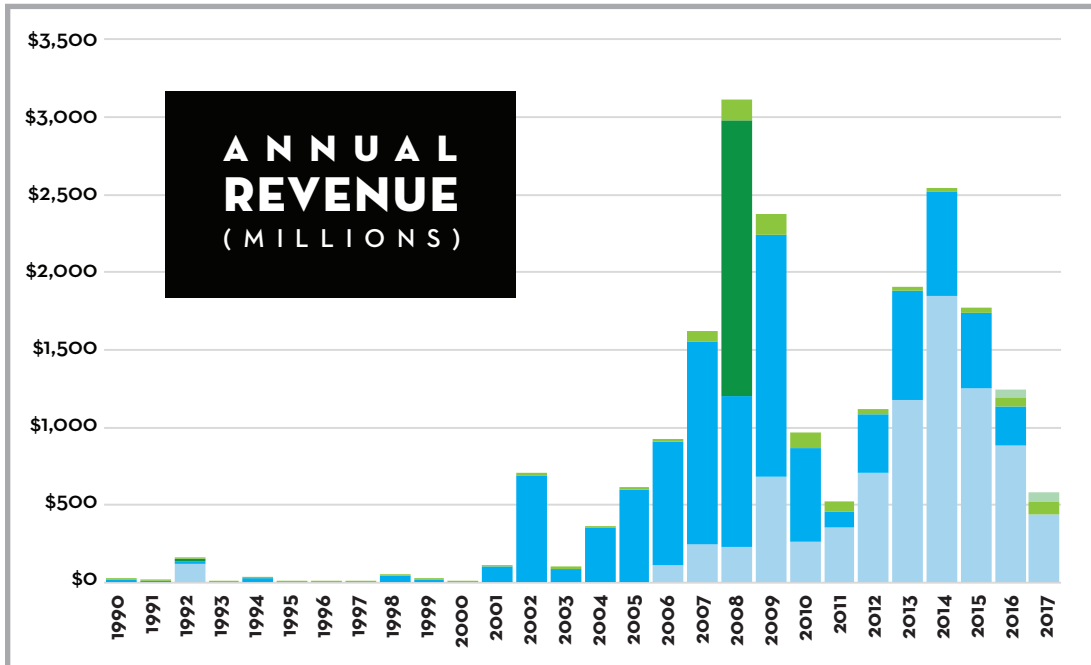
10% OF BIENNIAL GR DEPOSITS

ESF ENDING BALANCE VS. CAP (IN BILLIONS)





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

