



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.

\$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

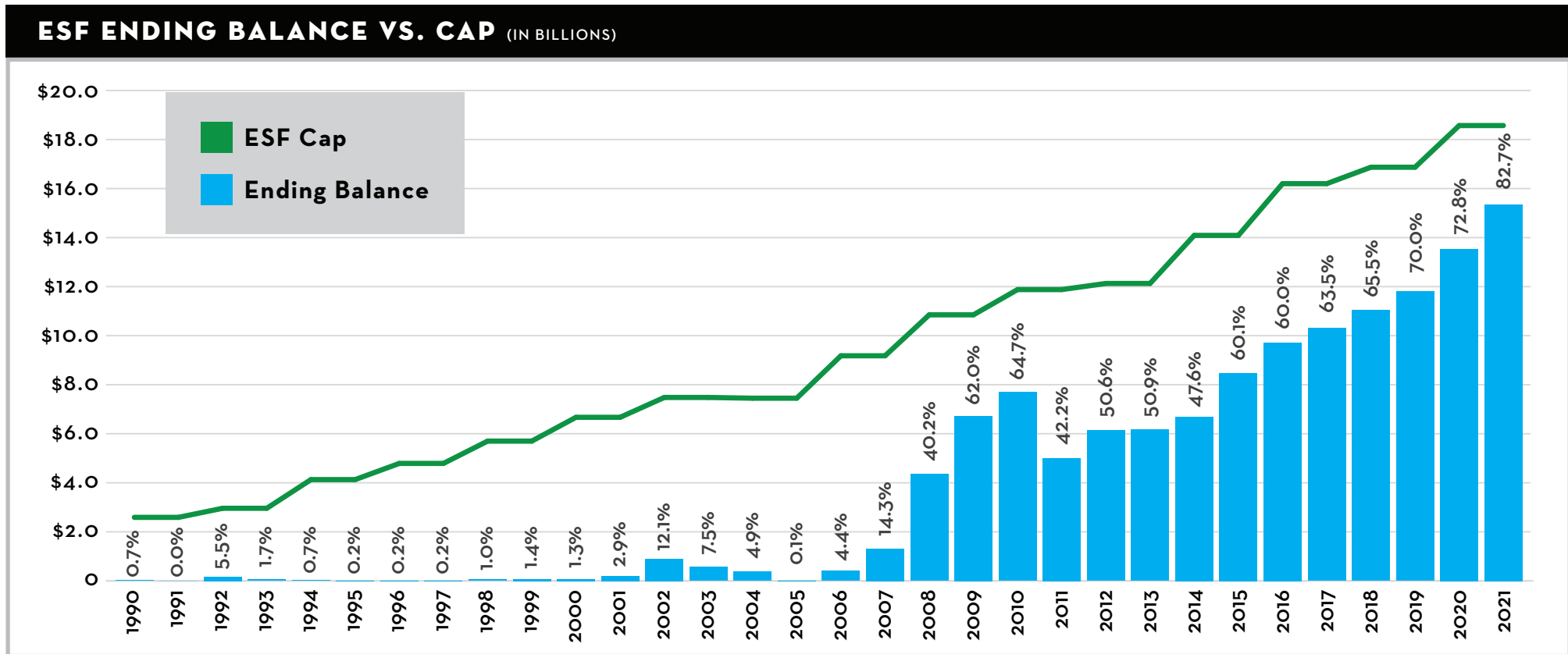
40 STATES CAP THEIR STABILIZATION FUND

5%-10% OF ANNUAL REVENUE OR EXPENDITURE

TEXAS

BIENNIAL CAP

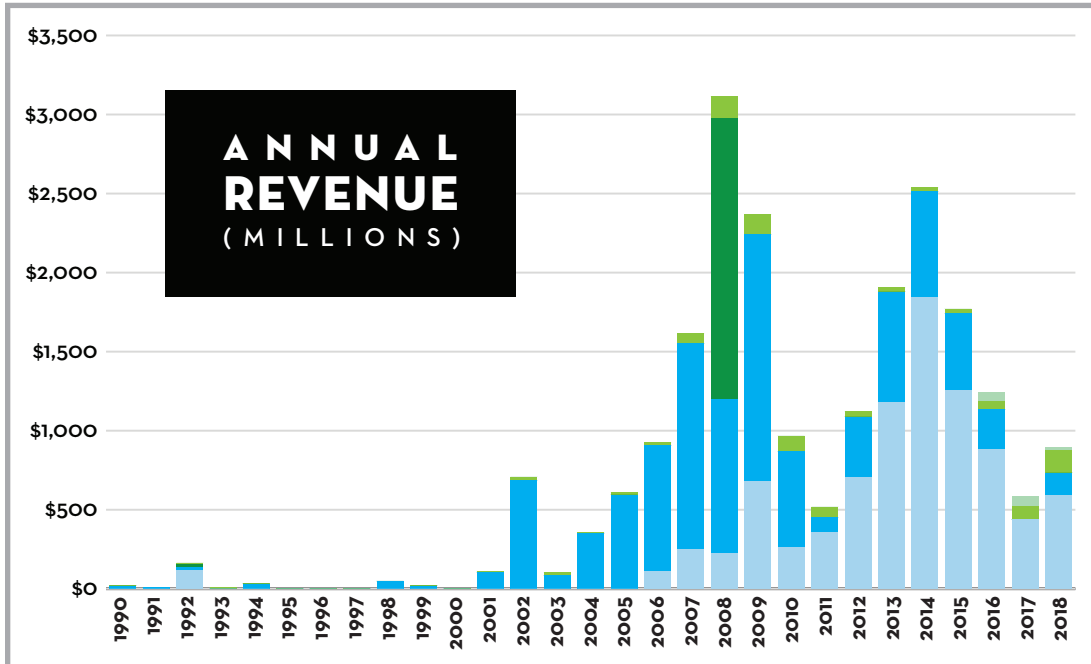
10% OF BIENNIAL GR DEPOSITS



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



REVENUE where does it come from?



SOURCE	TOTAL (MILLIONS)	% OF TOTAL
Natural Gas Production Tax Transfer	\$9,935.4	45.6%
Oil Production Tax Transfer	\$8,892.4	40.8%
Unencumbered Balance Transfer	\$1,800.1	8.3%
Interest Income	\$1,020.2	4.7%
Investment Income	\$139.2	0.6%
Total (1990-2018)	\$21,787.3	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**

