



# Transforming Ohio for Growth

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## Stronger. Together.

## Fact Sheet: Budget Stabilization Fund

Ohio's Rainy Day Savings Account Surpasses \$2 Billion with a New Record-High Balance

*July 2015:* Coming into office in 2011 with the prospect of a \$7.7 billion budget imbalance and a state savings account holding just 89 cents, Gov. John Kasich responded with three balanced biennial budgets, \$5 billion in tax cuts and a restored rainy day savings account that's now holds more than \$2 billion in reserves – an all-time record. These savings are the result of careful spending and reduced costs in state-agency operations, which along with an improving state economy have produced a budget surplus in each fiscal year on Gov. Kasich's watch – a good management dividend for the benefit of all Ohioans. Just as any family will want to have some savings on hand for an unexpected expense, medical bills or other financial emergency; it makes good fiscal sense for the state to put money aside for a rainy day.

### What is the Budget Stabilization Fund?

The Budget Stabilization Fund (BSF) is Ohio's rainy day savings account, a reserve balance that's set aside in good economic times to protect the state budget from cyclical changes in revenues and expenditures that can hit should the economy unexpectedly turn sour. By law, the maximum balance for the BSF had for many years been set at 5% of the prior fiscal year's GRF revenues – a goal achieved by Kasich Administration deposits in 2013 and 2014. A provision signed by Gov. Kasich in June 2015 increased the authorized maximum BSF balance to 8.5 percent of GRF revenues. With the Administration's most recent deposit of \$526.6 million on July 7, 2015, the BSF saw a record-high balance of \$2.005 billion, the strongest reserves in state history.

### History of the Fund

The Budget Stabilization Fund was established by law (ORC 131.43) in 1982. Prior to this, any balance remaining at the end of a budget biennium was typically used to offset spending proposed in the next budget cycle. Little or nothing was reserved as a cushion to protect Ohioans in the event of a fiscal surprise. With creation of the BSF, budget balances were set aside as a hedge against future economic downturns. The following chart shows BSF balances after the close of each recent fiscal year: A slow economy in FYs 2002 and 2003 as well as the Great Recession in FY2009 required the state to pull substantial funds from the BSF in order to achieve a balanced budget. In fact, at end of Fiscal Years 2009 and 2010, prior to Gov. Kasich taking office, Ohio's rainy day savings were just 89 cents.

**Recent History of Budget Stabilization Fund Balances**  
(Including post-year end transfers)

