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## **STATE RESERVE FUND**

*Testimony of T. Eloise Foster  
Senate Budget and Taxation Committee  
February 14, 2012*

Chairman Kasemeyer and members of the Committee, I appreciate this opportunity to comment on the Department of Legislative Service's analysis of the State Reserve Fund budget. As a result of improvements in the economy and the State's prudent fiscal management fiscal year 2011 ended with an unassigned general fund balance of \$400.5 million. Statute requires the appropriation of unassigned general fund balance in excess of \$10 million to the State Reserve Fund. In accordance with these provisions, the fiscal year 2013 Budget includes appropriations totaling \$390.5 million, including \$340.5 million to the Rainy Day Fund and \$50.0 million to the Dedicated Purpose Account for the reimbursement of a prior administration's diversion of transfer tax revenues.

The Department concurs with the analyst's recommendation to reduce the \$50.0 million appropriation to the Dedicated Purpose Account for the reimbursement of a prior administration's diversion of transfer tax revenues as the action is consistent with the provisions of the Budget Reconciliation and Financing Act of 2012.

The Governor's proposed budget maintains a Rainy Day Fund balance that is projected to equal \$721.4 million or 5% of general fund revenues. Furthermore, the combined cash balances in the Rainy Day Fund and General Fund at the close of fiscal 2013 are projected to total \$885.0 million or 6% of estimated general fund revenues. This level of reserves provides a significant cushion against any changes that would adversely impact State finances.

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