

## SECTION VI – GENERAL FUND RESERVE FUNDS

This section provides a history of the balances and statutory caps of the General Fund’s 2 major ongoing reserve funds, the Maine Budget Stabilization Fund and the Reserve for General Fund Operating Capital. The history presented in the table and graph on the next page begins in 1985 with the creation of the Maine Rainy Day Fund, the predecessor of the Maine Budget Stabilization Fund.

### **Maine Budget Stabilization Fund**

The Maine Budget Stabilization Fund was established in 5 M.R.S.A. c. 142 effective July 1, 2005 as a General Fund reserve account to be used to offset a General Fund revenue shortfall. The fund may also be used to fund payments of death benefits for law enforcement officers and firefighters. The revised Budget Stabilization Fund is intended to work in conjunction with the appropriations limitation. When General Fund budgeted resources exceed the appropriation limitation, the excess budgeted resources are transferred to the Budget Stabilization Fund. Balances in the fund do not lapse, but carry forward each year. The money in the fund may be invested with any earnings credited to the fund, except when the fund is at its statutory cap. In addition to interest earnings and transfers of budgeted resources in excess of the appropriations limitation, the fund is also capitalized at the close of each fiscal year from available unappropriated surplus of the General Fund, the so-called “cascade.” Statutory provisions require the State Controller to transfer as the third priority after transfers to the State Contingent Account and the Loan Insurance Reserve Fund at the Finance Authority of Maine 35% of the remaining unappropriated surplus of the General Fund when the fund is not at its statutory cap. The ongoing statutory provisions may be preempted by one-time exceptions for special purposes. These preemptions have typically been implemented as higher priority transfers than the percentage distributions pursuant to 5 M.R.S.A. §1536.

The statutory cap for the fund is 12% of the total General Fund revenue received in the immediately preceding fiscal year, which at the close of a fiscal year is the year being closed.

### **Reserve for General Fund Operating Capital**

The Reserve for General Fund Operating Capital is a General Fund reserve fund or account that maintains a balance to provide a cash flow reserve for the General Fund. It was originally enacted as 5 M.R.S.A. §1511 in 1975 and was moved to 5 M.R.S.A. §1536 with the enactment of the Maine Budget Stabilization Fund and the appropriations limitation effective July 1, 2005. This reserve is capitalized at the close of the fiscal year in the same manner as the Maine Budget Stabilization Fund with the Reserve for General Fund Operation Capital receiving 20%. The reserve does not receive interest earnings. The statutory cap for this reserve is currently \$50,000,000.

**TABLE VI-1 MAJOR GENERAL FUND RESERVE FUNDS**

**History of Ending Balances and Statutory Caps**

Fiscal Year Ending June 30th	Maine Budget Stabilization Fund (Formerly Maine Rainy Day Fund)		Reserve for General Fund Operating Capital		Ending Balances as a % of General Fund Revenue
	Statutory Cap	Ending Balance	Statutory Cap	Ending Balance	
1985	\$25,000,000	\$1,303,556	\$25,000,000	\$12,000,000	1.6%
1986	\$25,000,000	\$9,969,161	\$25,000,000	\$13,000,000	2.4%
1987	\$25,000,000	\$25,000,000	\$25,000,000	\$14,000,000	3.5%
1988	\$25,000,000	\$25,000,000	\$25,000,000	\$15,000,000	3.1%
1989	\$48,000,000	\$25,000,000	\$25,000,000	\$16,000,000	2.9%
1990	\$25,000,000	\$3,595,563	\$25,000,000	\$17,000,000	1.5%
1991	\$25,000,000	\$82,473	\$25,000,000	\$1,000,000	0.1%
1992	\$56,963,388	\$756,513	\$25,000,000	\$1,500,000	0.1%
1993	\$60,498,524	\$6,713,842	\$25,000,000	\$1,000,000	0.5%
1994	\$62,456,106	\$16,765,494	\$25,000,000	\$3,500,000	1.2%
1995	\$64,955,539	\$6,422,240	\$25,000,000	\$4,500,000	0.7%
1996	\$66,869,457	\$38,240,859	\$50,000,000	\$5,500,000	2.5%
1997	\$70,656,030	\$45,724,219	\$50,000,000	\$6,500,000	2.8%
1998	\$93,154,315	\$91,690,842	\$50,000,000	\$7,500,000	4.7%
1999	\$135,583,098	\$131,689,407	\$50,000,000	\$8,500,000	6.2%
2000	\$143,713,008	\$143,478,658	\$50,000,000	\$9,500,000	6.4%
2001	\$143,437,701	\$143,713,008	\$50,000,000	\$10,500,000	6.5%
2002	\$139,899,634	\$33,920,682	\$50,000,000	\$10,500,000	1.9%
2003	\$239,469,019	\$10,579,345	\$50,000,000	\$5,289,672	0.7%
2004	\$268,353,956	\$33,158,244	\$50,000,000	\$16,532,953	1.9%
2005	\$279,084,505	\$47,071,215	\$50,000,000	\$23,093,792	2.5%
2006	\$351,819,082	\$79,902,987	\$50,000,000	\$40,615,146	4.1%
2007	\$362,351,447	\$115,479,866	\$50,000,000	\$40,615,146	5.2%
2008	\$370,538,280	\$128,877,009	\$50,000,000	\$40,615,146	5.5%
2009	\$337,364,195	\$195,343	\$50,000,000	\$0	0.0%
2010	\$330,681,900	\$25,385,082	\$50,000,000	\$11,215,157	1.3%
2011	\$353,394,811	\$71,466,814	\$50,000,000	\$17,083,994	3.0%
2012	\$361,864,587	\$44,808,509	\$50,000,000	\$17,083,994	2.1%
2013	\$371,326,061	\$59,700,474	\$50,000,000	\$2,629,121	2.0%
2014	\$373,619,632	\$68,271,491	\$50,000,000	\$4,918,554	2.4%

