



STATE OF INDIANA

Mitchell E. Daniels
Governor

STATE BUDGET AGENCY
212 State House
Indianapolis, Indiana 46204-2796
317-232-5610

Christopher A. Ruhl
Director

MEMORANDUM

DATE: June 30, 2010

TO: Mike Frick, Deputy Treasurer
Treasurer of State

FROM: Christopher A. Ruhl, Director 
State Budget Agency

SUBJECT: The Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund")

Pursuant to IC 4-10-18, please transfer the balance of \$370,921,538.30 from the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund") to the state general fund effective immediately. Figure 1 (attached) includes the calculations required by IC 4-10-18-3 and IC 4-10-18-4. Specifically, IC 4-10-18-3 requires four steps to determine adjusted personal income and an annual growth rate. These are included as Steps 1-4 in Figure 1. Then, IC 4-10-18-4 requires an additional step to determine much should be transferred to or from the Rainy Day Fund. This is included as Step 5 in Figure 1.

As demonstrated in Figure 1, the growth rate in adjusted personal income from 2008 to 2009 was -7.1%. Consequently, IC 4-10-18-4 requires a transfer of \$633,074,416 from the Rainy Day Fund to the general fund. However, the current balance of the Rainy Day Fund is only \$370,921,538.30. Therefore, the entire balance shall be transferred.

To the best of my knowledge, this is the first time since FY 2001 that such a transfer is required, and is also the largest transfer from the Rainy Day Fund to the general fund in the history of the state. I appreciate your timely processing of this transfer.

Should you require additional information, please contact me at 234-1625.

Cc: Steve Daniels, Deputy Auditor, Auditor of State
Adam Horst, Deputy Director, Budget Agency
Jay Collins, Deputy Director, Budget Agency
Joe Fistrovich, Controller, Budget Agency
Christina Miller, Assistant Controller, Budget Agency