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## [NASBO: Ten Facts to Know About Rainy Day Funds](#)

With tighter state budget conditions, heightened economic uncertainty, and declining federal funding, one topic getting increased attention lately is rainy day funds. After experiencing significant growth earlier this decade, rainy day funds stand at near all-time highs. Given states are expecting more limited resources and facing budget pressures, what is the outlook for rainy day funds? What factors might states consider when deciding whether to use these funds? Do all states have a rainy day fund and how do fund sizes vary by state? And how do rainy day funds differ from general fund ending balances? Read on to learn more about recent trends in rainy day funds, how these funds can be used, and more.

### **Fact #1 - Most states expect to increase their rainy day fund balance this year.**

According to [NASBO's Fall 2025 Fiscal Survey](#), 32 states are projecting increases in their rainy day fund balance (in nominal dollars) in fiscal 2026 based on enacted budgets, while nine states reported no change and six states are projecting declines. This followed fiscal 2025, when 33 states reported increases to their rainy day funds, 14 states recorded decreases, and three states reported no change.

Despite most states increasing rainy day funds in fiscal 2025, the median rainy day fund balance as a percentage of general fund spending ticked down for the first time since the Great Recession, declining from an all-time high of 14.9 percent in fiscal 2024 to 13.1 percent in fiscal 2025. This decline is mainly due to general fund spending growing at a faster pace than the rainy day fund balance for a majority of states and does not reflect widespread use of rainy day funds by states. It should also be noted, with spending levels in fiscal 2025 still impacted by heightened one-time expenditures, the median rainy day fund balance would be greater if measured as a percentage of ongoing expenditures.

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### **National Association of State Budget Officers**

By Kathryn White posted 5 days ago