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State Rainy Day Fund Growth Slowed in Fiscal 2024.

After years of rapid expansion, growth in state rainy day funds slowed in fiscal year 2024. Although the median rainy day fund balance increased by 7% in fiscal 2024, that still marked a steep drop from the 31% rise recorded the previous year, according to state data reported to the National Association of State Budget Officers (NASBO). This slowdown represents a return to growth rates that are more in line with prepandemic trends and reflects the end of the revenue wave that fueled record increases from fiscal 2021 to 2023.

Despite this moderation in the reserves growth rate, the capacity of rainy day funds—that is, the number of days they could cover state operations—increased in 22 states and nationwide, extending a decade-long trend that accelerated during the pandemic. Collectively, states could now operate on their reserves alone for a median of 49.1 days, up from 46.2 days in fiscal 2023. However, this growth comes as states are depleting their leftover budget dollars, known as ending balances, at the fastest rate since 2017. As a result, states' overall fiscal cushion is declining, leaving states with fewer resources to address widespread current and projected budget imbalances in the years ahead.

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The Pew Charitable Trusts

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