
Understanding Minnesota's Budget

Everything you ever wanted to know *(but didn't know to ask)*
in 45 minutes or less

Presented by Micah Intermill, Executive Budget Officer



Statewide Budgeting

- ▶ **What are budgets about?**
 - ▶ Numbers?
 - ▶ Policy Priorities?
 - ▶ Politics?

- ▶ **Why do it?**
 - ▶ Constitutional Requirement
 - ▶ Resolve Conflicts
 - ▶ It's fun!



Overview

- ▶ **Context**
 - ▶ Terminology
 - ▶ Facts – Size of the Pie
 - ▶ Figures – Size of the Slices
- ▶ **Operating Budget**
 - ▶ Forecasts
- ▶ **Capital Budget**
 - ▶ Debt Capacity
- ▶ **Current Climate**
- ▶ **Questions**



Context - Terminology

- ▶ Capital vs Operating
- ▶ Annual vs Biennial
 - ▶ Supplemental
- ▶ Appropriations
 - ▶ Direct
 - ▶ Statutory
 - ▶ Forecasted
- ▶ Revenues
 - ▶ Dedicated
 - ▶ Non-dedicated
- ▶ Expenditures



Context – The Facts

- ▶ **FY 14-15 Enacted Budget – All Funds**

- ▶ \$69,149,000,000 (\$69.149 Billion)

- ▶ **FY 14-15 Enacted Budget – General Fund**

- ▶ \$38,349,000,000 (\$38.349 Billion)

- ▶ \$350,000,000 Cash Flow Account

- ▶ \$656,000,000 Budget Reserve

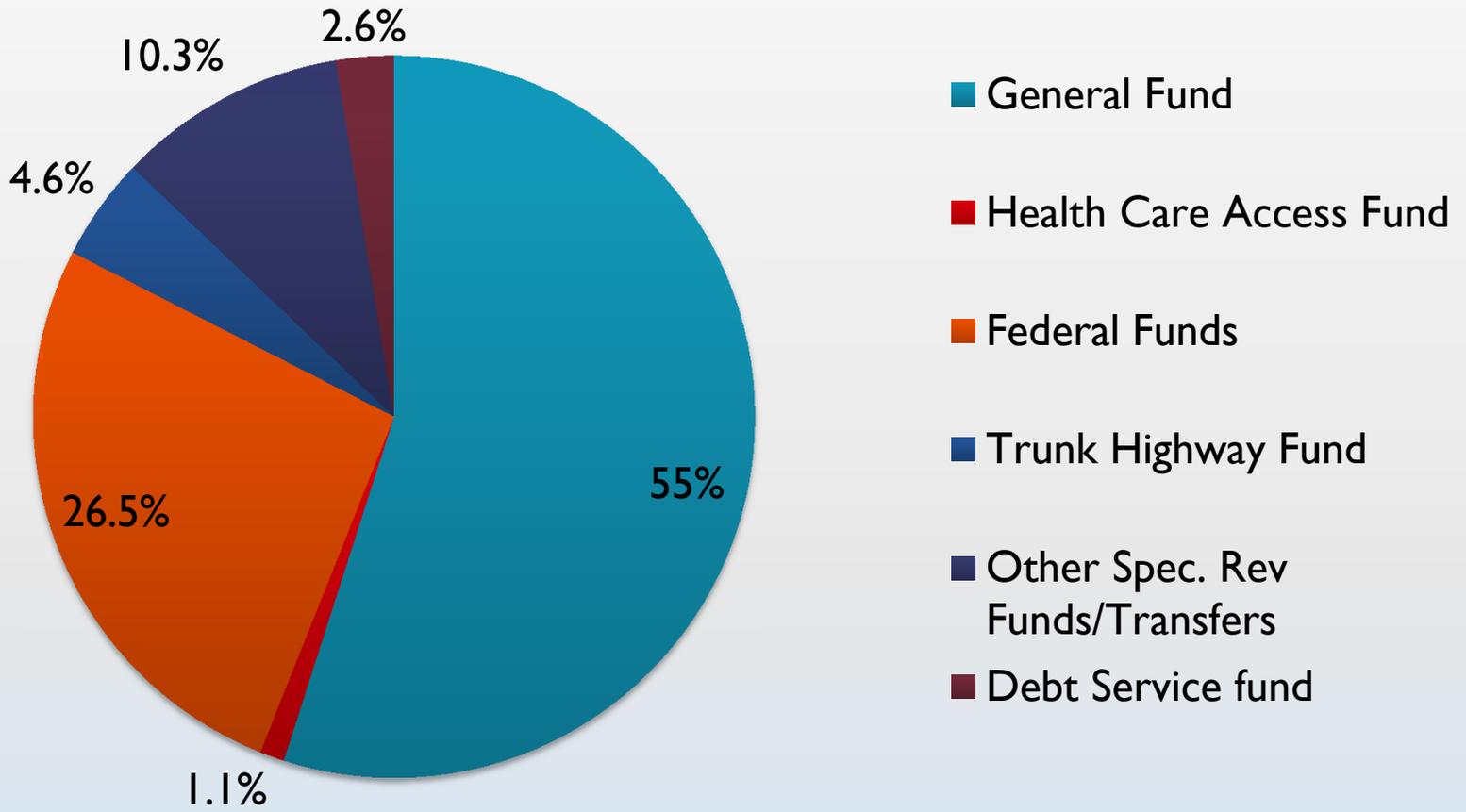
- ▶ \$28,000,000 Stadium Reserve

(MN's Rainy Day Fund is only 1.7% of Biennial GF Expenditures)



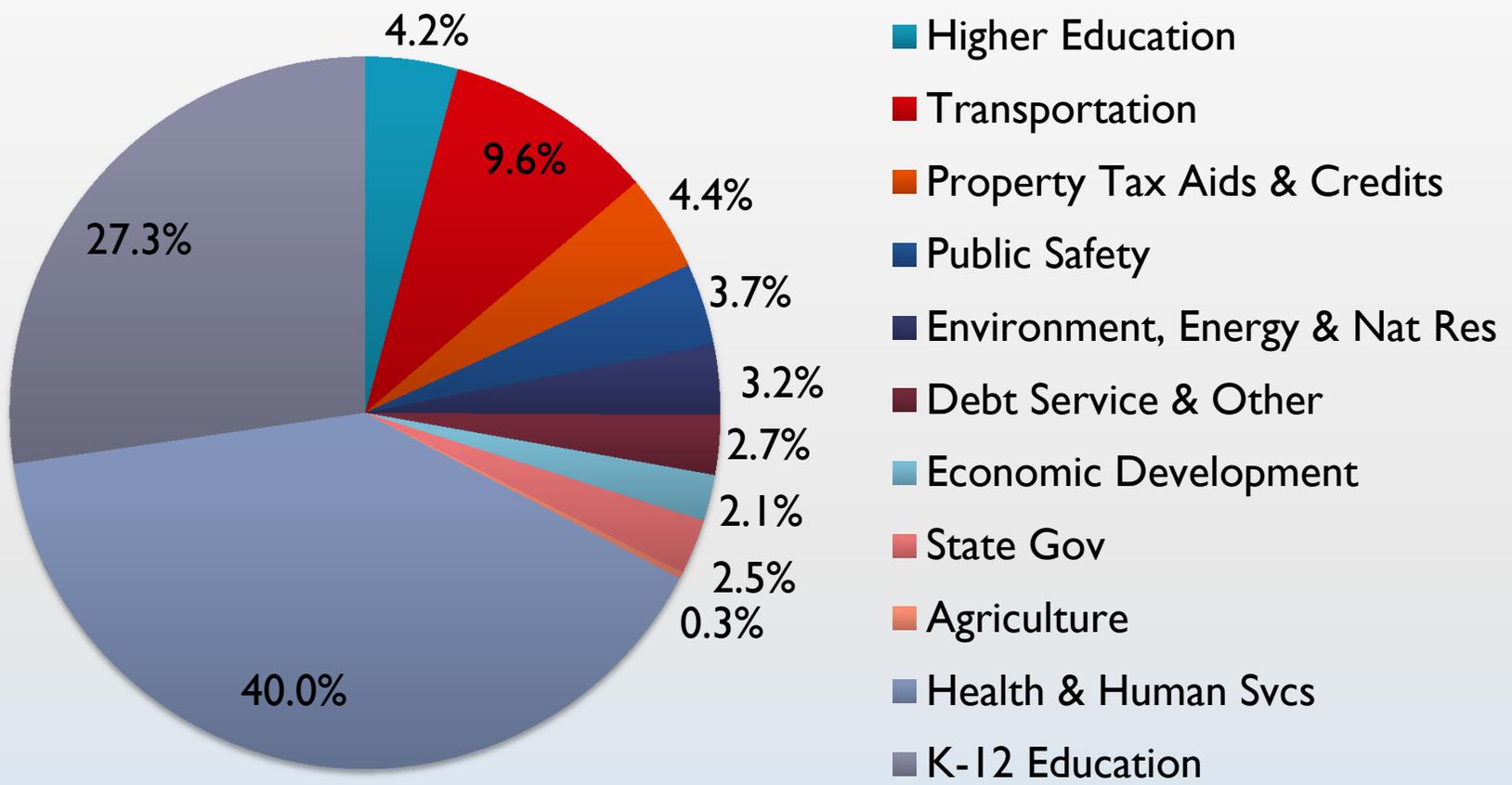
Context: All Funds Budget FY 2014-15

Percentage of Spending



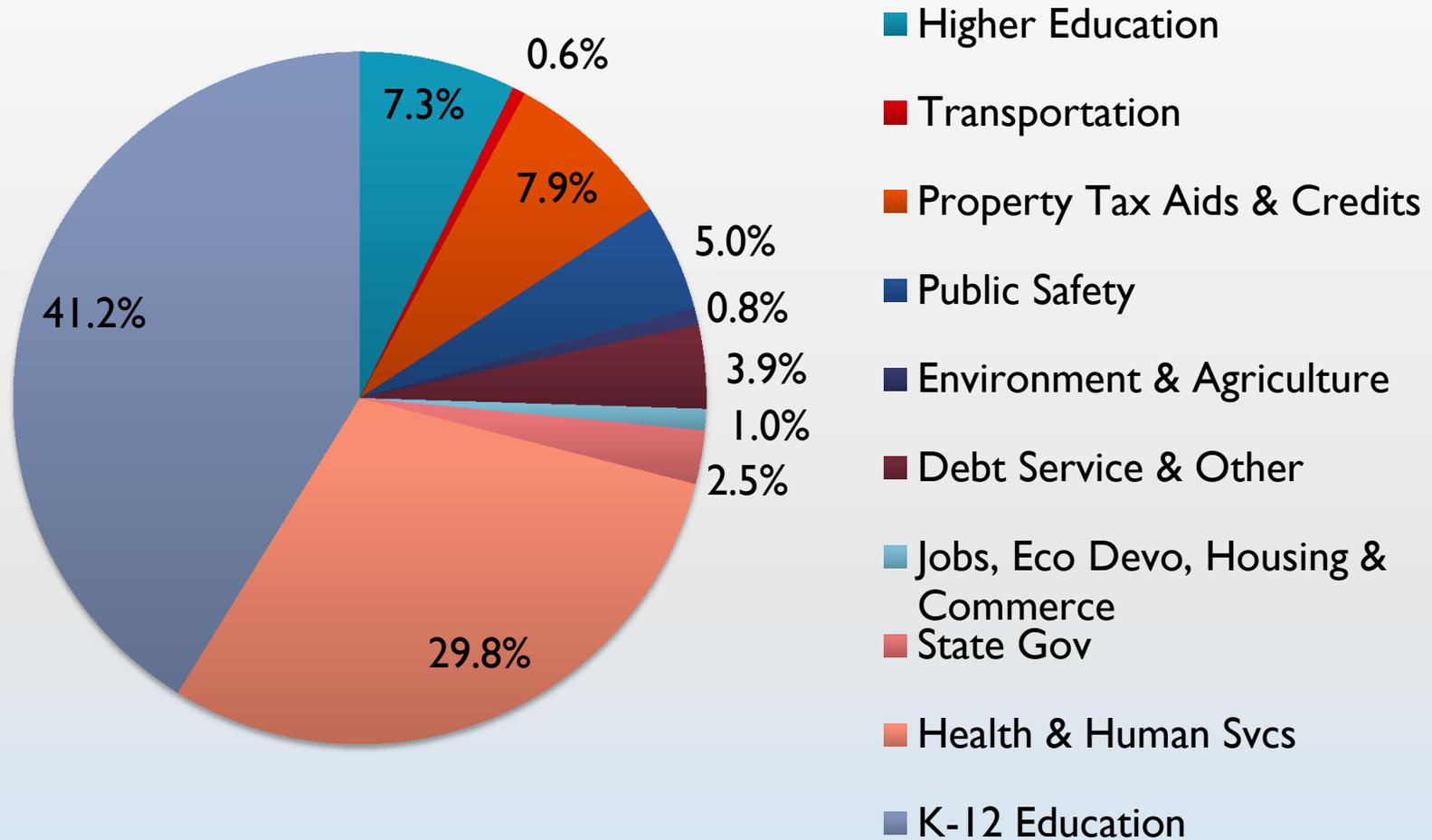
Context: All Funds Budget FY 2014-15

Percentage of Spending



Context: General Fund FY 2014-15

Percentage of Spending



Budget Cycle (Operating)

Even Year		Odd Year	
Winter	Governor Deliberations	January	Governor Proposes Biennial Budget
Late Feb/Early Mar	February Forecast	Late Feb/Early Mar	February Forecast
Mid-Mar	Governor May Supplement	Mid-Mar	Governor Revises Proposal
April-June	Passage, Enactment, Implementation	April/May	Legislature Passes & Governor Acts
Late Summer – Early Fall	Agencies Submit Proposals	June	Agencies Implement
Late Nov/Early Dec	November Forecast	Late Summer – Early Fall	Agencies Submit Supplemental
Late Fall – Early Winter	Governor’s Deliberations	Late Nov/Early Dec	November Forecast



Budget & Economic Forecasts

- ▶ Planning Estimates
- ▶ Performed in November and February
- ▶ Agencies, Budget Operations, EBOs, Economic Analysis
- ▶ Check Spending
- ▶ Check Revenues
- ▶ Economic Context
- ▶ Provide Basis For Action

- ▶ Consolidated Fund Statements



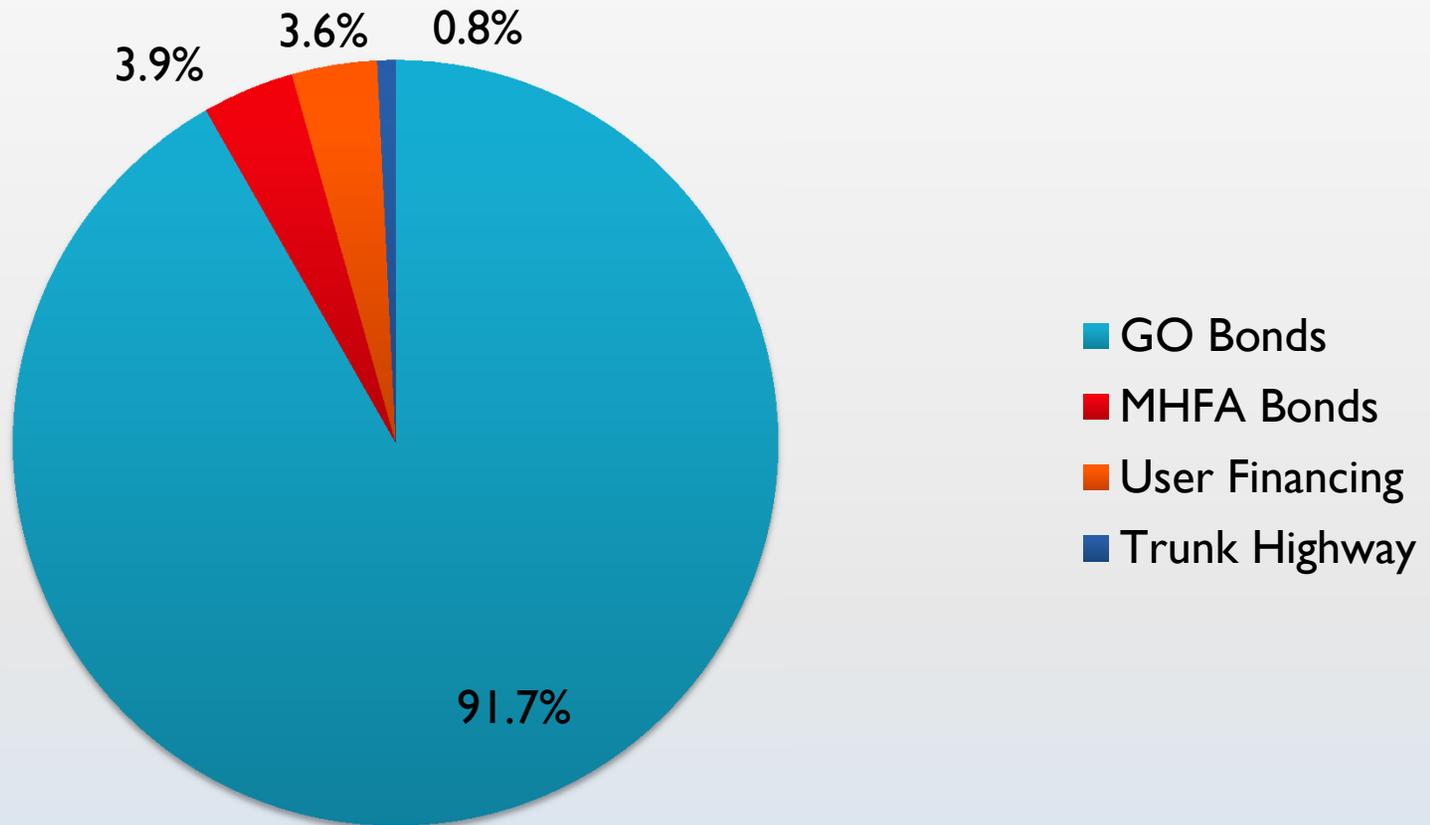
Context – Bonding

- ▶ Bond Proceeds vs Issued Principal
- ▶ Types of State Debt
- ▶ Debt Capacity Guidelines
 - ▶ Principal Outstanding \leq 3.25% of total state personal income
 - ▶ Total Principal (issued + authorized, but unissued) $<$ 6% of total state personal income
 - ▶ 40% of GO Debt shall be due w/in 5 yrs; 70% w/in 10 yrs
- ▶ Political Factors



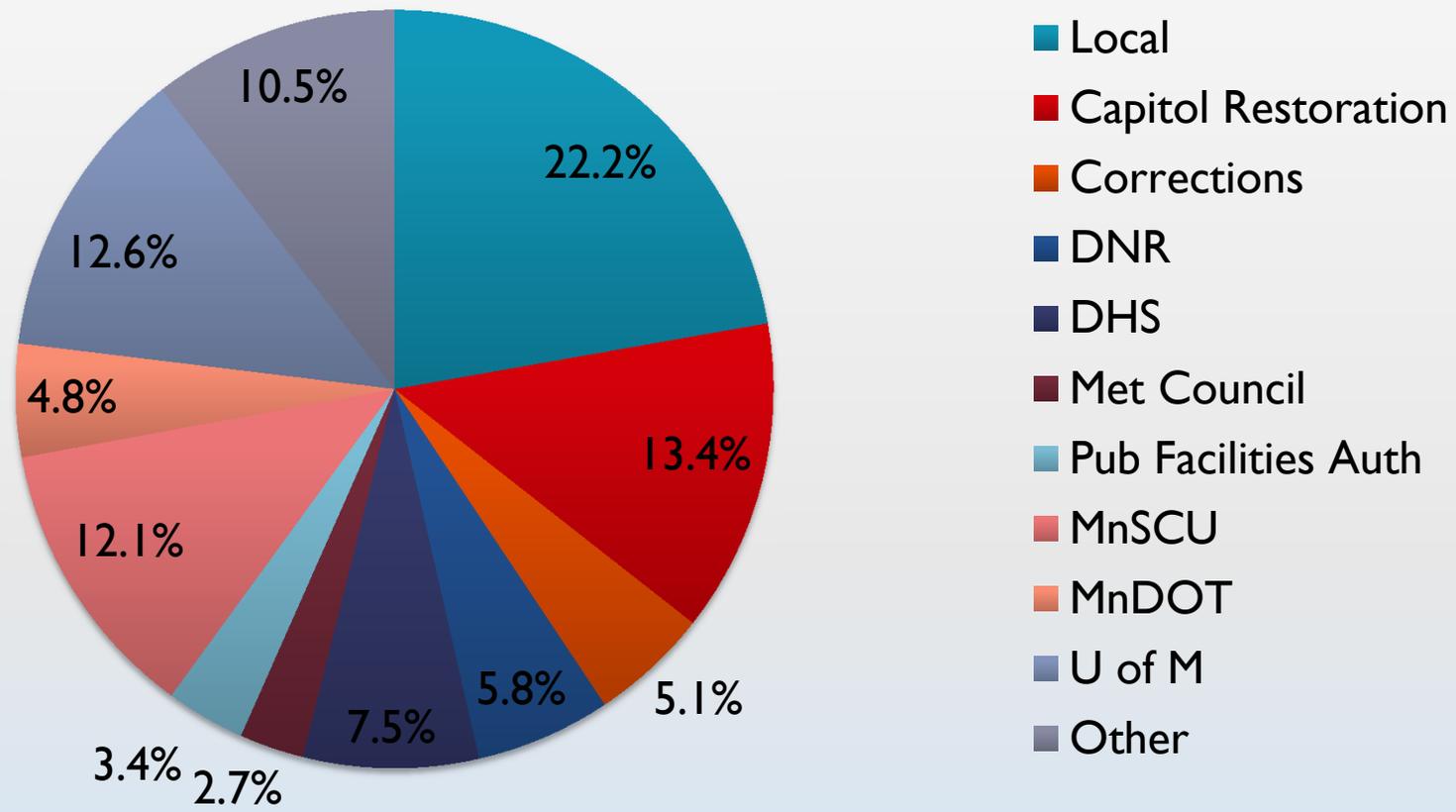
Context – Capital Budget By Fund

Percentage of Expenditure – 2014 Gov's Proposal



Context – Capital Budget GO Proceeds

Percentage of Expenditure – 2014 Gov's Proposal



Budget Cycle (Capital)

Even Year	Odd Year
January 15	Governor Proposes Capital Budget
Late Feb/Early Mar	February Forecast
Mid-Mar	Governor May Amend
April-June	Passage, Enactment, Implementation
	June – Early Fall Agencies & Locals Submit Proposals
	Late Nov/Early Dec November Forecast
	Dec Governor Deliberates



Current Climate

- ▶ **Governor Dayton's 2014 Proposed Capital Budget**
 - ▶ ~ \$1,000,000,000 investment across the state
 - ▶ And more!
- ▶ **February Forecast**
 - ▶ November: \$825,000,000 in the black
 - ▶ January: \$172,000,000 in the black (on top of November)
 - ▶ February 28th
- ▶ **2014 Supplemental**
 - ▶ Bonding
 - ▶ Tax Reform
 - ▶ Reserves



Questions?

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