Interim Budget Projection

May 5, 2020
Economic conditions dramatically weakened, outlook remains volatile

- Extraordinary situation requires this update
- Inform policymakers as they make decisions about use of resources
- Projection limited to current biennium
- Major revenues and select expenditures have been updated
- $2.426 billion projected deficit (before use of budget reserve)
Real Gross Domestic Product
Indexed (due to revision), 2Q 2019 = 100.0

FEB 2020

APR 2020

Source: U.S. Bureau of Economic Analysis (BEA), IHS Markit (IHS)
MN Total Wage Income Expected to Fall

MN Total Wage and Salary Disbursements
Annual Percent Change

Source: BEA and Minnesota Management and Budget
## Projected Revenues $3.6 Billion Lower

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>May Projection</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Income Tax</td>
<td>$24,328</td>
<td>$(1,659)</td>
</tr>
<tr>
<td>General Sales Tax</td>
<td>10,693</td>
<td>(1,351)</td>
</tr>
<tr>
<td>Corporate Franchise Tax</td>
<td>2,709</td>
<td>(405)</td>
</tr>
<tr>
<td>All Other Revenue</td>
<td>7,411</td>
<td>(196)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$45,141</td>
<td>$(3,611)</td>
</tr>
</tbody>
</table>
Budget Projection Unknowns

- Path of pandemic
- Consumer and business confidence
- Business survival
- Financial market volatility
- Impact of fiscal and monetary policy
- Federal support
- Revenue delays
- 14 months until end of FY 2020-21
## Estimated Spending Up $391 Million

<table>
<thead>
<tr>
<th></th>
<th>May Projection</th>
<th>Enacted Legislation</th>
<th>Projection Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-12 Education</td>
<td>$19,999</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Property Tax Aids &amp; Credits</td>
<td>3,883</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>14,815</td>
<td>292</td>
<td>(160)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>1,130</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>8,937</td>
<td>248</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Spending</strong></td>
<td><strong>$48,763</strong></td>
<td><strong>$550</strong></td>
<td><strong>$(160)</strong></td>
</tr>
</tbody>
</table>
Deficit Projected for Current Biennium

Budgetary Balance-February: $1.513 billion

- Projected Revenue: $3.611 Billion
- Estimated Spending: $391 Million
- Projected Reserve: $63 Million*

Updated Budgetary Deficit: ($2.426 Billion)

*Changes to Stadium Reserve
Budget Reserve Available to Mitigate Impact

$2.359 Billion
Funding Resources to Combat COVID-19

**Federal**
- Coronavirus Relief Fund - $2.187B
- Program-Specific Streams – over $1B
  - FEMA Funds (match required)
  - Direct Payments and Loans
- COVID MN Fund - $200M
- Additional Targeted State Appropriations - $354M

**State**
- MN Disaster Recovery Fund - $11M
- Other Efforts & Donations

**Private**
- **State Agencies**
- **Local Government**
- **Private/Non-Profit Service Delivery Organizations**
- **Individual Residents & Businesses**