

## News Release

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## Minnesota Management and Budget Releases Post-Session General Fund Statements

**ST. PAUL, Minn.** – As we do each year after the conclusion of the legislative session, Minnesota Management and Budget (MMB) is releasing the [official statement for the general fund](#). This statement reflects (1) the actions of the 2017 Regular Legislative Session; (2) the 2017 Special Legislative Session; (3) the Governor’s vetoes; and (4) the June 26 Ramsey County Court Order providing temporary funding for the House and Senate for up to 3 months.

While not an official forecast, the general fund statement is MMB’s best estimate of where the state’s budget now stands. The general fund statement is based on the February Forecast with adjustments for legislative session. Any economic changes since February – good or bad – are not incorporated into the budget estimates.

MMB continues to assume that there is risk in our February Forecast numbers. The February forecast assumed economic growth from a deficit-financed tax bill at the federal level which has not yet been introduced. In addition, the [July Revenue and Economic Update](#), which was released Monday, shows total revenue estimates for FY 2017 will be \$104 million lower than estimated in February. Proposed changes at the federal level to the Medicaid program could also have significant negative impacts on the state’s budget.

“The budget numbers released today continue to reflect a balanced budget for the State, however, there is very little room for error to maintain our current balance if there is a negative fluctuation in our economy or major cuts to federal programs,” said Myron Frans, Minnesota Management and Budget Commissioner. “For example, the current GOP healthcare proposal in the U.S. Senate cuts funding in Minnesota for Medicaid and MinnesotaCare by more than \$2 billion by 2021. Our current budget balance cannot absorb cuts of that magnitude, nor the myriad of other federal program cuts proposed in Congress.

“We are keeping a watchful eye on actions at the federal level and monitoring any changes to our economy as we move forward.”

Current General Fund Balance:

- The February Forecast projected a general fund balance for the FY 2018-19 biennium of \$1.651 billion. After accounting for 2017 legislative activity, we are projecting a general fund balance of \$163 million in FY 2018-19.

- The February Forecast projected a planning estimate for the FY 2020-21 biennium of \$2.083 billion. The general fund planning estimate released today is \$376 million in FY 2020-21.
- Today's general fund balance includes \$16 million funding for the House and Senate that was ordered by the Ramsey County District Court on June 26 pending final legal resolution of the Governor's line item vetoes. If the legislative funding is restored in full, an additional \$113 million would be subtracted from the bottom line reflected in today's general fund balance. [MMB has also released an end of session general fund statement that reflects only enacted budget bills.](#)

<b>FY 2018-19 General Fund Budget Comparison February 2017 Forecast</b>				
<b>(\$ in millions)</b>	<b>February 2017 Forecast</b>	<b>End of Session w/ 6/26 Court Order</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Beginning Balance</b>	<b>\$2,723</b>	<b>\$2,708</b>	<b>\$(15)</b>	<b>(0.5)%</b>
Revenues	45,663	45,006	(657)	(1.4)
Expenditures	44,741	45,557	816	1.8
Cash Flow & Budget Reserves	1,993	1,993	-	
<b>Budgetary Balance</b>	<b>\$1,651</b>	<b>\$163</b>	<b>\$(1,488)</b>	

Revenue in the FY 2018-19 biennium is now projected to be \$45.006 billion, this is \$657 million lower (1.4 percent) than February projections. The reduction in revenue is largely driven by tax reductions in the tax bill and in the transportation bill, which redirected general fund tax receipts to dedicated transportation funds. After legislative changes, revenue in the FY 2020-21 biennium is \$1.086 billion (2.2 percent) lower than February estimates.

Spending in the FY 2018-19 biennium is projected to be \$45.557 billion, \$816 million (1.8 percent) higher than February estimates. Planning estimates project spending for FY 2020-21 to be \$48.016 billion, which is \$784 million (1.7 percent) higher than forecast.

During the legislative session, estimates for the budget impact of the omnibus bills, in some cases, were reported differently than the general fund balance released today. The major differences are described below:

- The \$648 million tax bill was presented as a net number. Today's general fund balance separates the \$648 million into \$448 million in general fund revenue reductions and approximately \$200 million in higher spending – mostly in the form of aids paid to local governments.
- The \$300 million transportation bill was also presented as a net number. The bill actually reduces general fund revenue by \$205 million by dedicating certain revenues to transportation funds. The remaining \$95 million is reported in the general fund balance as increased appropriations for transportation and transit.
- Several bills, totaling \$149 million, were passed earlier in the legislative session and were not discussed in final budget negotiations. The budget impact of these bills is now shown in the budget jurisdictions where the funds were appropriated. The largest general fund impact was the \$142 million general fund

appropriation of the reinsurance bill. The general fund balance reflects the reinsurance appropriation as increased spending for the department of commerce in the Jobs, Commerce, Housing and Energy budget area.

- With the Governor's veto of the preemption bill, an additional \$43 million was added to the bottom line of the general fund. This had been budgeted for pension funding changes and reforms for FY 2018-19.

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