Budget for a Better Minnesota
Governor Mark Dayton’s FY 2018-19 Budget Recommendations
January 24, 2017

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Restored Balanced Budgets

Projected General Fund Balances – November Forecast Comparisons

$ in billions

<table>
<thead>
<tr>
<th>Biennium</th>
<th>10-11</th>
<th>12-13</th>
<th>14-15</th>
<th>16-17</th>
<th>18-19</th>
<th>20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>(10-11)</td>
<td>($6,188)</td>
<td>($4,847)</td>
<td>($1,095)</td>
<td>$1,037</td>
<td>$1,400</td>
<td>$1,440</td>
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</tbody>
</table>
State Finances Continue to Improve

- $1.4 billion projected budget balance for FY2018-19
- Another $1.44 billion projected balance for FY2020-21
- 7 forecasts in a row with positive budget balances
- AAA rating restored in 2016
- Budget reserves at all time high
Governor Dayton’s FY 2018-19
General Fund Budget

<table>
<thead>
<tr>
<th>General Fund ($ in millions)</th>
<th>November Forecast</th>
<th>Governor’s Changes</th>
<th>Governor’s Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$2,982</td>
<td>$(330)</td>
<td>$2,653</td>
</tr>
<tr>
<td>Revenues</td>
<td>45,321</td>
<td>(55)</td>
<td>45,266</td>
</tr>
<tr>
<td>HCAF expenditures</td>
<td></td>
<td>(716)</td>
<td></td>
</tr>
<tr>
<td>Governor’s proposal</td>
<td></td>
<td>1,965</td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td>44,585</td>
<td>1,249</td>
<td>45,834</td>
</tr>
<tr>
<td>Reserves</td>
<td>2,318</td>
<td>(312)</td>
<td>2,006</td>
</tr>
<tr>
<td>Budget Balance</td>
<td>$1,400</td>
<td>$(1,321)</td>
<td>$79</td>
</tr>
</tbody>
</table>
# Health Care Access Fund

<table>
<thead>
<tr>
<th>Health Care Access Fund ($ in millions)</th>
<th>November Forecast FY 2018-19</th>
<th>Governor’s Changes FY 2018-19</th>
<th>Governor’s Changes FY 2020-21</th>
<th>Governor’s Budget FY 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$705</td>
<td></td>
<td></td>
<td>$649</td>
</tr>
<tr>
<td>Revenues</td>
<td>$1,646</td>
<td>$0</td>
<td>$999</td>
<td>$1,814</td>
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<tr>
<td>Expenditures</td>
<td>$969</td>
<td>$733</td>
<td>$1,154</td>
<td>$2,140</td>
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<tr>
<td>Budget Balance</td>
<td>$1,382</td>
<td></td>
<td></td>
<td>$323</td>
</tr>
</tbody>
</table>
Budget Pressures

- Population growth and demographic changes
- Inflation pressures
- Increased health care costs
- Growing education and training needs
- Tight labor market
90% of GF and HCAF Spending Supports Payments to Schools, Local Governments, Individuals

- Aid to Schools
- Grants to Nonprofits
- Aid to Local Governments
- Payments to Individuals and Health Care Providers
- University of Minnesota
- Minnesota State

Aid to Local Governments: 46%
Grants to Nonprofits: 10%
Payments to Individuals and Health Care Providers: 4%
University of Minnesota: 4%
Minnesota State: 4%
Courts, Constitutional Offices, Agency Services: 10%
State Institutions: 10%
Price of Government Continues to Decline

State and Local Revenues as % of MN Personal Income

16% = average state and local government revenues as a % of MN personal income between FY 1991 and FY2017
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