



March 17, 2022

Rep. Melissa Hortman, Speaker of the House
State Office Building
St. Paul, MN 55155

Sen. Jeremy Miller, Senate Majority Leader
Minnesota Senate Building
St. Paul, MN 55155

Rep. Kurt Daudt, House Minority Leader
State Office Building
St. Paul, MN 55155

Sen. Melisa López Franzen, Senate Minority Leader
Minnesota Senate Building
St. Paul, MN 55155

RE: Governor's FY 2022-23 Revised Supplemental Budget

Dear Senators and Representatives:

The purpose of this letter is to officially transmit revisions to Governor Walz’s proposed supplemental budget for FY 2022-23. The changes today incorporate the impact of the February 2022 forecast and reflect the Governor’s updated budget plan. The Governor’s general fund recommendations are based upon the February 2022 forecast that projects a \$9.253 billion available general fund balance for the current biennium. The Governor is proposing general fund budget changes, including impacts of updates to the 2022 Local Jobs and Projects Plan also released today, that total \$9.253 billion. After recommended changes for the FY 2022-23 biennium, the remaining budgetary balance is \$257 thousand. The table below summarizes the revised recommendations relative to the original recommendations.

FY 2022-23 General Fund Recommendations
(\$ in millions)

	<i>January 26 Rec.</i>	<i>March 17 Rec.</i>
Forecast Balance	\$7,746	\$9,253
Tax and Revenue Change	(210)	(239)
Capital Budget Debt Service and Cash Capital Costs	282	303
Supplemental Budget Recommendations	<u>7,091</u>	<u>8,711</u>
<i>Total – Recommended Changes</i>	<i>\$7,583</i>	<i>\$9,253</i>
Remaining Budgetary Balance	\$163	\$0

The Governor’s recommendations impact the projected balance in the FY 2024-25 biennium. Expenditure increases for the next biennium total \$5.835 billion, including a \$152 million impact from the 2022 Local Jobs

and Projects Plan, while revenues under the Governor's supplemental budget would be \$182 million lower. The Governor's budget is structurally balanced in the next biennium.

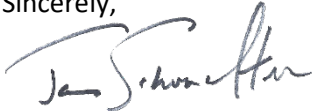
These changes would leave a projected balance in the next biennium of \$18 million.

Supplemental Budget Materials

Supporting material detailing the Governor's revised supplemental budget recommendations are posted to the MMB website (mn.gov/mmb). Attached are fund balance comparisons showing recommended general fund revenues and expenditures compared to the February 2022 forecast for both the current biennium and the planning estimates. Also attached is a summary of changes in these recommendations, relative to the January 26 recommendations.

Agency commissioners and staff, as well as MMB executive budget officers, are prepared to answer any questions you may have on the recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Schowalter". The signature is fluid and cursive, with a large initial "J" and "S".

Jim Schowalter
Commissioner

cc: Senator Julie Rosen, Senate Finance Chair
Representative Rena Moran, House Ways and Means Chair
Senator John Marty
Representative Pat Garofalo
Eric Nauman, Senate Chief Fiscal Analyst
Emily Adriaens, House Chief Fiscal Analyst