

Budget & Economic Forecast

At a Glance

November 2013

FOR IMMEDIATE RELEASE

Minnesota's Budget Outlook Improves

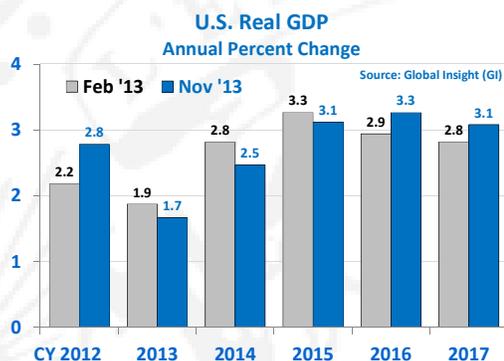
K-12 Shifts Completely Repaid; \$825 Million Projected Balance Remains

\$1.086 Billion Balance Projected for FY 2014-15. Changes in forecast general fund revenue and expenditures for the current biennium have increased the projected balance for FY 2014-15 from \$47 million to \$1.086 billion. Forecast revenues have increased \$787 million (2.0 percent), while projected spending is \$247 million (0.6 percent) lower. A net reduction in general fund reserves added an additional \$5 million to the bottom line.

K-12 Shifts Completely Repaid, \$825 Million Balance Remains. As in recent forecasts, current law requires any forecast balance be used to repay K-12 shifts. The first \$246 million of the balance will be used to complete repayment of the K-12 school property tax recognition shift. Additionally, \$15 million is transferred to the state airports fund, restoring money originally borrowed in 2008. This forecast completes repayment of accounting shifts from prior budget solutions, reducing the forecast balance to \$825 million.

FY 2014-15 General Fund Forecast

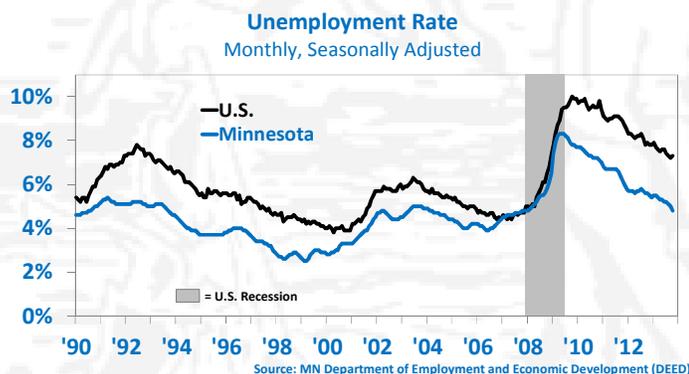
(\$ in millions)	November	\$ Change
Beginning Balance	\$1,712	\$0
Revenues	39,209	787
Spending	38,807	(247)
Cash & Budget Reserve	1,011	5
Stadium Reserve	18	(9)
Forecast Balance	\$1,086	\$1,038
School Shift Buyback	246	-
Repay Airports Fund	15	-
Budgetary Balance	\$825	



Minnesota's Economy Remains Strong, State Revenues Benefit. The state's unemployment rate fell to 4.8 percent in October, the lowest level since the recession began in December 2007 and a full two and a half percentage points lower than the nation. Stronger employment and income growth continue to contribute to forecast revenue growth in FY 2014-15. Higher income and corporate tax estimates are the source of almost all of the additional forecast revenue. This improvement, however, is not without risk. To date, only four months of revenues have been collected out of the twenty-four months of the current budget period.

U.S. Economic Outlook is Slightly Weaker. Global Insight expects moderate economic growth to extend through the biennium. Real GDP growth is now expected to be 1.7 percent in 2013, 2.5 percent in 2014 and 3.1 percent in 2015.

February's baseline forecast had called for 1.9 percent growth in 2013, followed by 2.8 percent and 3.3 percent growth in 2014 and 2015 respectively. Uncertainty surrounding federal budget and debt ceiling discussions and possible revisions to recent positive economic reports are the most significant near-term threats to the U.S. outlook.



FY 2014-15 Revenue Forecast

(\$ in millions)	October	November	\$ Change
Individual Income	\$18,876	\$19,372	\$496
Sales	10,130	10,194	64
Corporate	2,422	2,675	254
Statewide Property	1,685	1,670	(16)
All Other Revenues	3,514	3,541	27
Total Tax Revenues	\$36,627	\$37,451	\$824
All Other Revenues, Transfers	1,785	1,758	(27)
Total Revenues	\$38,422	\$39,209	\$787

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Complete Forecast & Supporting Budget Documents: www.mmb.state.mn.us

