

Office Memorandum

Date: March 14, 2017

To: Senator Julie Rosen, Chair
Senate Finance Committee

Senator Richard Cohen
Senate Finance Committee

Representative Jim Knoblach, Chair
House Ways and Means Committee

Representative Lyndon Carlson, Sr.
House Ways and Means Committee

From: Commissioner Myron Frans 

Subject: February 2017 *Budget and Economic Forecast Adjustments*

I am reporting a technical error in the February 2017 *Budget and Economic Forecast*. Total expenditures for FY 2017 will be reduced to \$41.816 billion, \$1.6 million lower than previously reported due to a data entry error.

Specifically, in the State Government bill area, the Department of Veteran's Affairs GI Bill appropriation was overstated by \$1.6 million in FY 2017.

Correcting this error impacts the General Fund budgetary balance in FY 2016-17 and that increased balance carries forward into the FY 2018-19 and FY 2020-21 biennia. Thus:

- 1) The FY 2016-17 projected balance is \$1.6 million higher, and is now \$744 million;
- 2) The FY 2018-19 projected balance is \$1.6 million higher, and is now \$1.651 billion;
- 3) The FY 2020-21 projected balance is \$1.6 million higher, and is now \$3.734 billion;

The attached tables highlight the adjustments in each biennium. We will share this information with your staff.

cc: Senator Paul Gazelka, Majority Leader
Representative Kurt Daudt, Speaker of the House
Senator Thomas Bakk, Minority Leader
Representative Melissa Hortman, Minority Leader
Eric Nauman, Senate Fiscal Analyst
Bill Marx, House Fiscal Analysis

Current Biennium Comparison: FY 2016-17 General Fund Budget

Original February 2017 Forecast vs Revised February 2017 Forecast

(\$ in thousands)

	Original FY 2016-17	Revised FY 2016-17	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	2,103,017	2,103,017	-
Current Resources:			
Tax Revenues	40,426,878	40,426,878	-
Non-Tax Revenues	1,516,653	1,516,653	-
Subtotal - Non-Dedicated Revenue	41,943,531	41,943,531	-
Dedicated Revenue	1,531	1,531	-
Transfers In	395,459	395,459	-
Prior Year Adjustments	94,970	94,970	-
Subtotal - Other Revenue	491,960	491,960	-
Subtotal-Current Resources	42,435,491	42,435,491	-
Total Resources Available	44,538,508	44,538,508	-
<u>Actual & Estimated Spending</u>			
E-12 Education	17,426,997	17,426,997	-
Higher Education	3,081,146	3,081,146	-
Property Tax Aids & Credits	3,337,918	3,337,918	-
Health & Human Services	11,766,111	11,766,111	-
Public Safety & Judiciary	2,172,328	2,172,328	-
Transportation	277,899	277,899	-
Environment & Agriculture	474,723	474,723	-
Jobs, Economic Development, Housing & Commerce	514,504	514,504	-
State Government & Veterans	1,366,870	1,365,270	(1,600)
Debt Service	1,138,500	1,138,500	-
Capital Projects & Grants	266,435	266,435	-
Estimated Cancellations	(15,000)	(15,000)	-
Total Expenditures & Transfers	41,817,220	41,815,620	(1,600)
Balance Before Reserves	2,721,288	2,722,888	1,600
Cash Flow Account	350,000	350,000	-
Budget Reserve	1,603,443	1,603,443	-
Stadium Reserve	24,951	24,951	-
Budgetary Balance	742,894	744,494	1,600



Current Biennium Comparison: FY 2018-19 General Fund Budget

Original February 2017 Forecast vs Revised February 2017 Forecast

(\$ in thousands)

	Original FY 2018-19	Revised FY 2018-19	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	2,721,288	2,722,888	1,600
Current Resources:			
Tax Revenues	43,898,994	43,898,994	-
Non-Tax Revenues	1,401,048	1,401,048	-
Subtotal - Non-Dedicated Revenue	45,300,042	45,300,042	-
Dedicated Revenue	1,205	1,205	-
Transfers In	308,585	308,585	-
Prior Year Adjustments	53,510	53,510	-
Subtotal - Other Revenue	363,300	363,300	-
Subtotal-Current Resources	45,663,342	45,663,342	-
Total Resources Available	48,384,630	48,386,230	1,600
<u>Actual & Estimated Spending</u>			
E-12 Education	18,271,866	18,271,866	-
Higher Education	3,069,493	3,069,493	-
Property Tax Aids & Credits	3,451,877	3,451,877	-
Health & Human Services	14,324,310	14,324,310	-
Public Safety & Judiciary	2,174,294	2,174,294	-
Transportation	243,592	243,592	-
Environment & Agriculture	404,029	404,029	-
Jobs, Economic Development, Housing & Commerce	397,685	397,685	-
State Government & Veterans	1,025,224	1,025,224	-
Debt Service	1,142,817	1,142,817	-
Capital Projects & Grants	255,924	255,924	-
Estimated Cancellations	(20,000)	(20,000)	-
Total Expenditures & Transfers	44,741,111	44,741,111	-
Balance Before Reserves	3,643,519	3,645,119	1,600
Cash Flow Account	350,000	350,000	-
Budget Reserve	1,603,443	1,603,443	-
Stadium Reserve	40,301	40,301	-
Budgetary Balance	1,649,775	1,651,375	1,600



Current Biennium Comparison: FY 2020-21 General Fund Budget

Original February 2017 Forecast vs Revised February 2017 Forecast

(\$ in thousands)

	Original FY 2020-21	Revised FY 2020-21	\$ Change
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	3,643,519	3,645,119	1,600
Current Resources:			
Tax Revenues	47,593,372	47,593,372	-
Non-Tax Revenues	1,390,768	1,390,768	-
Subtotal - Non-Dedicated Revenue	48,984,140	48,984,140	-
Dedicated Revenue	1,222	1,222	-
Transfers In	308,904	308,904	-
Prior Year Adjustments	63,065	63,065	-
Subtotal - Other Revenue	373,191	373,191	-
Subtotal-Current Resources	49,357,331	49,357,331	-
Total Resources Available	53,000,850	53,002,450	1,600
<u>Actual & Estimated Spending</u>			
E-12 Education	18,918,030	18,918,030	-
Higher Education	3,065,802	3,065,802	-
Property Tax Aids & Credits	3,527,210	3,527,210	-
Health & Human Services	16,007,964	16,007,964	-
Public Safety & Judiciary	2,179,638	2,179,638	-
Transportation	243,592	243,592	-
Environment & Agriculture	402,732	402,732	-
Jobs, Economic Development, Housing & Commerce	442,814	442,814	-
State Government & Veterans	1,012,405	1,012,405	-
Debt Service	1,186,932	1,186,932	-
Capital Projects & Grants	265,666	265,666	-
Estimated Cancellations	(20,000)	(20,000)	-
Total Expenditures & Transfers	47,232,785	47,232,785	-
Balance Before Reserves	5,768,065	5,769,665	1,600
Cash Flow Account	350,000	350,000	-
Budget Reserve	1,603,443	1,603,443	-
Stadium Reserve	81,855	81,855	-
Budgetary Balance	3,732,767	3,734,367	1,600

