



**Date:** March 27, 2014

**To:** Representative Paul Thissen, Speaker of the House  
 Senator Tom Bakk, Senate Majority Leader  
 Representative Kurt Daudt, House Minority Leader  
 Senator David Hann, Senate Minority Leader

**From:** James Schowalter, Commissioner 

**Phone:** 651.201.8011

**Subject:** **Governor's FY 2014-15 Supplemental Budget Update #1**

The purpose of this letter is to provide an update to Governor Dayton's proposed supplemental budget for FY2014-15, which was originally released on March 10. The changes submitted today include two additional spending items and three corrections to the original supplemental budget.

The February 2014 forecast projects a \$1.233 billion available general fund balance for the end of the current biennium. With this update, the Governor is proposing general fund spending changes that total \$165 million, \$515 thousand more than previously recommended. As with the original supplemental budget recommendation, the Governor is recommending that any general fund balance remaining at the end of the 2014 legislative session be transferred to the budget reserve. Under the Governor's revised proposal, \$455 million would be transferred to the reserve.

**FY 2014-15 General Fund Recommendations**

(\$ in thousands)

	March 10 Budget	Updated Budget	Change
Beginning Balance	\$1,711,915	\$1,711,915	\$0
Forecast Revenues	39,574,605	39,574,605	0
<i>Recommended Revenue Changes</i>	<i>(613,063)</i>	<i>(613,063)</i>	<i>0</i>
Total Revenues	38,961,542	38,961,542	0
Forecast Expenditures	39,018,976	39,018,976	0
<i>Recommended Spending Changes</i>	<i>164,443</i>	<i>164,958</i>	<i>515</i>
Total Expenditures	39,183,419	39,183,934	515
Ending Balance to Reserves	\$ 455,654	\$ 455,139	\$(515)

### Supplemental Budget Additions

This update includes two additional recommendations:

- \$500,000 annually beginning in FY2015 to fund a Recovery School Program, which will provide grants for recovery program staff, including alcohol and chemical dependency counselors, licensed school counselors, psychologists, nurses and social workers.
- \$75,000 in FY2015 to fund the development of a plan for including detoxification services within the medical assistance benefit set at the Department of Human Services.

### Supplemental Budget Corrections

Three provisions in the Governor's original supplemental budget have updated cost estimates:

- The *Post-Secondary Enrollment Options (PSEO) Formula Correction* now saves an additional \$60 thousand annually. The new total savings from this proposal are \$2.754 million in FY2015, \$2.765 million in FY2016 and \$2.799 million in FY2017.
- The proposal *Special Education Aid for One-on-One Licensed, Certified Professionals at the Minnesota State Academies* now has a general fund cost of \$145 thousand in FY2016 and \$302 thousand in FY2017.
- The proposal *Exempt Production Components from Property Tax and Provide Transition Aid* now has an additional general fund cost of \$30 thousand in FY2017 due to property tax refund interactions. The original proposal carried a cost of \$160 thousand in FY2017 for transition aid.

Individual agency staff and MMB executive budget officers are prepared to answer any questions you may have on this update to the Governor's supplemental budget.

cc: Senator Richard Cohen, Senate Finance Chair  
Representative Lyndon Carlson Sr., House Ways and Means Chair  
Bill Marx, House Chief Fiscal Analyst  
Eric Nauman, Senate Chief Fiscal Analyst