



April 13, 2018

Rep. Kurt Daudt, Speaker of the House
Rep. Melissa Hortman, House Minority Leader

Sen. Paul Gazelka, Senate majority Leader
Sen. Tom Bakk, Senate Minority Leader

RE: Revision to Governor's FY 2018-19 Supplemental Budget

Dear Senators and Representatives:

The purpose of this memo is to officially transmit an update to the Governor's 2018 supplemental budget recommendations, originally released on March 16, 2018 and revised on April 9, 2018. The changes are due to a change in the cost of debt service related to an update to the Governor's capital budget, also transmitted today.

The 2018 February *Budget and Economic Forecast* projects a \$329 million general fund balance for the remainder of the FY 2018-19 biennium. The Governor's April 9 supplemental budget recommendations included \$20 million in revenue increases and \$223 million in increased spending; today's changes increase the Governor's recommended spending by \$55 thousand. After today's changes, a budgetary balance of \$126 million remains. The changes also impact recommended spending in the next biennium.

Attached to this memo are general fund financial summaries for each biennia. Individual 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 'Myron Frans', is written over a light blue horizontal line.

Myron Frans
Commissioner

cc: Sen. Julie Rosen, Senate Finance Chair
Rep. Jim Knoblach, House Ways and Means Chair
Sen. Richard Cohen
Rep. Lyndon Carlson
Eric Nauman, Senate Chief Fiscal Analyst
Bill Marx, House Chief Fiscal Analyst

FY 2018-19 General Fund Budget

April 13, 2018 Gov Rec vs February 2018 Forecast

| | 2-18 Forecast FY 2018-19 | 4-18 Gov Rec FY 2018-19 | \$ Change |
|--|-----------------------------|----------------------------|------------------|
| <u>Actual & Estimated Resources</u> | | | |
| Balance Forward From Prior Year | 3,333,262 | 3,333,262 | - |
| Current Resources: | | | |
| Tax Revenues | 42,963,853 | 42,963,853 | - |
| Non-Tax Revenues | 1,475,068 | 1,475,068 | - |
| Subtotal - Non-Dedicated Revenue | 44,438,921 | 44,438,921 | - |
| Dedicated Revenue | 1,205 | 1,205 | - |
| Transfers In | 307,396 | 307,396 | - |
| Prior Year Adjustments | 53,335 | 53,335 | - |
| Subtotal - Other Revenue | 361,936 | 361,936 | - |
| Budget Changes - Taxes | - | 24,775 | 24,775 |
| Budget Changes - Non-Taxes | - | (4,357) | (4,357) |
| Subtotal-Current Resources | 44,800,857 | 44,821,275 | 20,418 |
| Total Resources Available | 48,134,119 | 48,154,537 | 20,418 |
| <u>Actual & Estimated Spending</u> | | | |
| E-12 Education | 18,835,239 | 18,885,962 | 50,723 |
| Higher Education | 3,282,318 | 3,312,282 | 29,964 |
| Property Tax Aids & Credits | 3,655,702 | 3,655,702 | - |
| Health & Human Services | 13,617,643 | 13,653,080 | 35,437 |
| Public Safety & Judiciary | 2,335,516 | 2,358,954 | 23,438 |
| Transportation | 340,791 | 369,901 | 29,110 |
| Environment | 355,291 | 366,998 | 11,707 |
| Agriculture | 125,575 | 125,775 | 200 |
| Jobs, Economic Development, Housing & Commerce | 552,504 | 586,504 | 34,000 |
| State Government & Veterans | 1,310,369 | 1,282,070 | (28,299) |
| Debt Service | 1,138,131 | 1,148,444 | 10,313 |
| Capital Projects & Grants | 259,758 | 286,613 | 26,855 |
| Estimated Cancellations | (20,000) | (20,000) | - |
| Total Expenditures & Transfers | 45,788,837 | 46,012,285 | 223,448 |
| Balance Before Reserves | 2,345,282 | 2,142,252 | (203,030) |
| Cash Flow Account | 350,000 | 350,000 | - |
| Budget Reserve | 1,608,364 | 1,608,364 | - |
| Stadium Reserve | 57,638 | 57,638 | - |
| Budgetary Balance | 329,280 | 126,250 | (203,030) |

Planning Estimates: FY 2020-21 General Fund Budget

April 13, 2018 Governor's Rec vs February 2018 Forecast

| | 2-18 Forecast FY 2020-21 | 4-18 Gov Rec FY 2020-21 | \$ Change |
|--|-----------------------------|----------------------------|------------------|
| <u>Actual & Estimated Resources</u> | | | |
| Balance Forward From Prior Year | 2,345,282 | 2,142,252 | (203,030) |
| Current Resources: | | | |
| Tax Revenues | 46,360,377 | 46,360,377 | - |
| Non-Tax Revenues | 1,403,231 | 1,403,231 | - |
| Subtotal - Non-Dedicated Revenue | 47,763,608 | 47,763,608 | - |
| Dedicated Revenue | 1,222 | 1,222 | - |
| Transfers In | 307,674 | 307,674 | - |
| Prior Year Adjustments | 63,107 | 63,107 | - |
| Subtotal - Other Revenue | 372,003 | 372,003 | - |
| Budget Changes - Taxes | - | 416,975 | 416,975 |
| Budget Changes - Non-Taxes | - | 163,128 | 163,128 |
| Subtotal-Current Resources | 48,135,611 | 48,715,714 | 580,103 |
| Total Resources Available | 50,480,893 | 50,857,966 | 377,073 |
| <u>Actual & Estimated Spending</u> | | | |
| E-12 Education | 19,555,176 | 19,736,653 | 181,477 |
| Higher Education | 3,255,802 | 3,276,171 | 20,369 |
| Property Tax Aids & Credits | 3,652,469 | 3,654,669 | 2,200 |
| Health & Human Services | 15,413,621 | 15,577,360 | 163,739 |
| Public Safety & Judiciary | 2,361,015 | 2,377,231 | 16,216 |
| Transportation | 247,118 | 247,563 | 445 |
| Environment | 322,341 | 324,443 | 2,102 |
| Agriculture | 122,022 | 122,422 | 400 |
| Jobs, Economic Development, Housing & Commerce | 402,929 | 410,929 | 8,000 |
| State Government & Veterans | 1,060,604 | 1,140,381 | 79,777 |
| Debt Service | 1,177,965 | 1,255,451 | 77,486 |
| Capital Projects & Grants | 271,446 | 276,944 | 5,498 |
| Estimated Cancellations | (20,000) | (20,000) | - |
| Total Expenditures & Transfers | 47,822,508 | 48,380,217 | 557,709 |
| Balance Before Reserves | 2,658,385 | 2,477,749 | (180,636) |
| Cash Flow Account | 350,000 | 350,000 | - |
| Budget Reserve | 1,608,364 | 1,608,364 | - |
| Stadium Reserve | 120,177 | 120,177 | - |
| Budgetary Balance | 579,844 | 399,208 | (180,636) |