



May 1, 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 and 13. The changes are described below.

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 March 16 supplemental budget recommendations, as revised on April 9 and 13, included \$20 million in revenue increases and \$223 million in increased spending; today's changes increase the Governor's recommended spending by \$124 million. After today's changes, a budgetary balance of \$2 million remains.

**FY 2018 Governor's Revised General Fund Supplemental Budget Recommendations**  
(\$ in millions)

	<b>April 13 Budget</b>	<b>May 1 Budget</b>	<b>\$ Change</b>
February Forecast Balance	\$329	\$329	\$0
Tax and Revenue Change	20	20	0
Spending Change	223	348	124
<i>Total – Recommended Changes</i>	<i>203</i>	<i>327</i>	<i>124</i>
Remaining Budgetary Balance	\$126	\$2	\$(124)

The Governor is amending his budget to add a \$137.9 million one-time increase of 2 percent on the general education formula to assist school districts across the state to manage current operating deficits. This provides an additional \$126 in funding for every student in Minnesota. The funding is provided to districts 90% in the FY 2019 and 10% in FY 2020, \$124.063 million in FY 2019 and \$13.782 million in FY 2020. After this revision, the Governor's budget leaves a projected \$261 million available at the end of FY 2021.

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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". The signature is fluid and cursive, with a long horizontal stroke at the end.

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  
Commissioner Brenda Cassillius

## FY 2018-19 General Fund Budget

May 1, 2018 Gov Rec vs February 2018 Forecast

	2-18 Forecast FY 2018-19	5-18 Gov Rec FY 2018-19	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
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
<b>Total Resources Available</b>	<b>48,134,119</b>	<b>48,154,537</b>	<b>20,418</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	18,835,239	19,010,025	174,786
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)	-
<b>Total Expenditures &amp; Transfers</b>	<b>45,788,837</b>	<b>46,136,348</b>	<b>347,511</b>
<b>Balance Before Reserves</b>	<b>2,345,282</b>	<b>2,018,189</b>	<b>(327,093)</b>
Cash Flow Account	350,000	350,000	-
Budget Reserve	1,608,364	1,608,364	-
Stadium Reserve	57,638	57,638	-
<b>Budgetary Balance</b>	<b>329,280</b>	<b>2,187</b>	<b>(327,093)</b>

## Planning Estimates: FY 2020-21 General Fund Budget

May 1, 2018 Governor's Rec vs February 2018 Forecast

	2-18 Forecast FY 2020-21	5-18 Gov Rec FY 2020-21	\$ Change
<b><u>Actual &amp; Estimated Resources</u></b>			
Balance Forward From Prior Year	2,345,282	2,018,189	(327,093)
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
<b>Total Resources Available</b>	<b>50,480,893</b>	<b>50,733,903</b>	<b>253,010</b>
<b><u>Actual &amp; Estimated Spending</u></b>			
E-12 Education	19,555,176	19,750,435	195,259
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)	-
<b>Total Expenditures &amp; Transfers</b>	<b>47,822,508</b>	<b>48,393,999</b>	<b>571,491</b>
<b>Balance Before Reserves</b>	<b>2,658,385</b>	<b>2,339,904</b>	<b>(318,481)</b>
Cash Flow Account	350,000	350,000	-
Budget Reserve	1,608,364	1,608,364	-
Stadium Reserve	120,177	120,177	-
<b>Budgetary Balance</b>	<b>579,844</b>	<b>261,363</b>	<b>(318,481)</b>