



NOVEMBER 2014



MINNESOTA Management & Budget
MN.GOV/MMB

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Forecast Summary

- Higher revenues, lower spending generate forecast balance for FY 2014-15
- \$183 million allocated to budget reserve, reducing balance to \$373 million
- \$1.037 billion available for FY 2016-17 budget, up from \$603 million at the end-of-session
- U.S. economic outlook has weakened
- Forecast income taxes and reduced human services spending are the primary forecast drivers

Higher Revenues, Lower Spending Produce Balance for FY 2014-15

(\$ in millions)	November Forecast	\$ Change
Beginning Balance	\$1,712	\$0
Revenues	39,371	279
Spending	39,338	(249)
Reserves	1,161	0
Stadium Reserve	28	5
Forecast Balance	\$556	\$523
33% to Budget Reserve	183	183
Available Balance	\$373	\$340

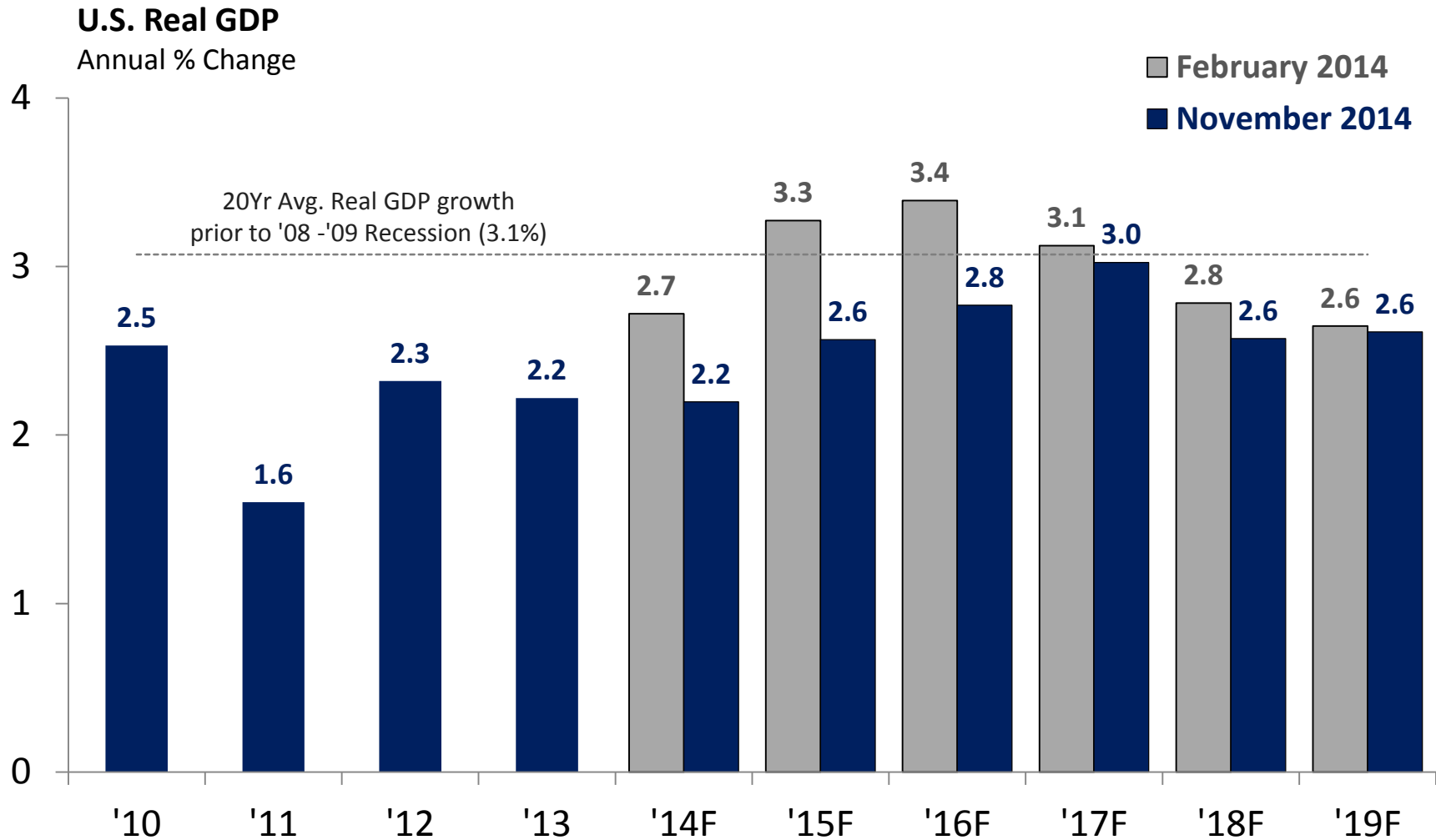
FY 2016-17 Budget Outlook has Improved Slightly Since End-of-Session

(\$ in millions)	End of Session	November Forecast	\$ Change
Beginning Balance	\$1,217	\$1,745	\$528
Revenues	42,292	41,880	(412)
Spending	41,745	41,243	(502)
Reserves	1,161	1,344	183
Stadium Reserve	-	1	1
Available Balance	\$603	\$1,037	\$434

\$ 1.037 Billion Available for Upcoming FY 2016-17 Budget

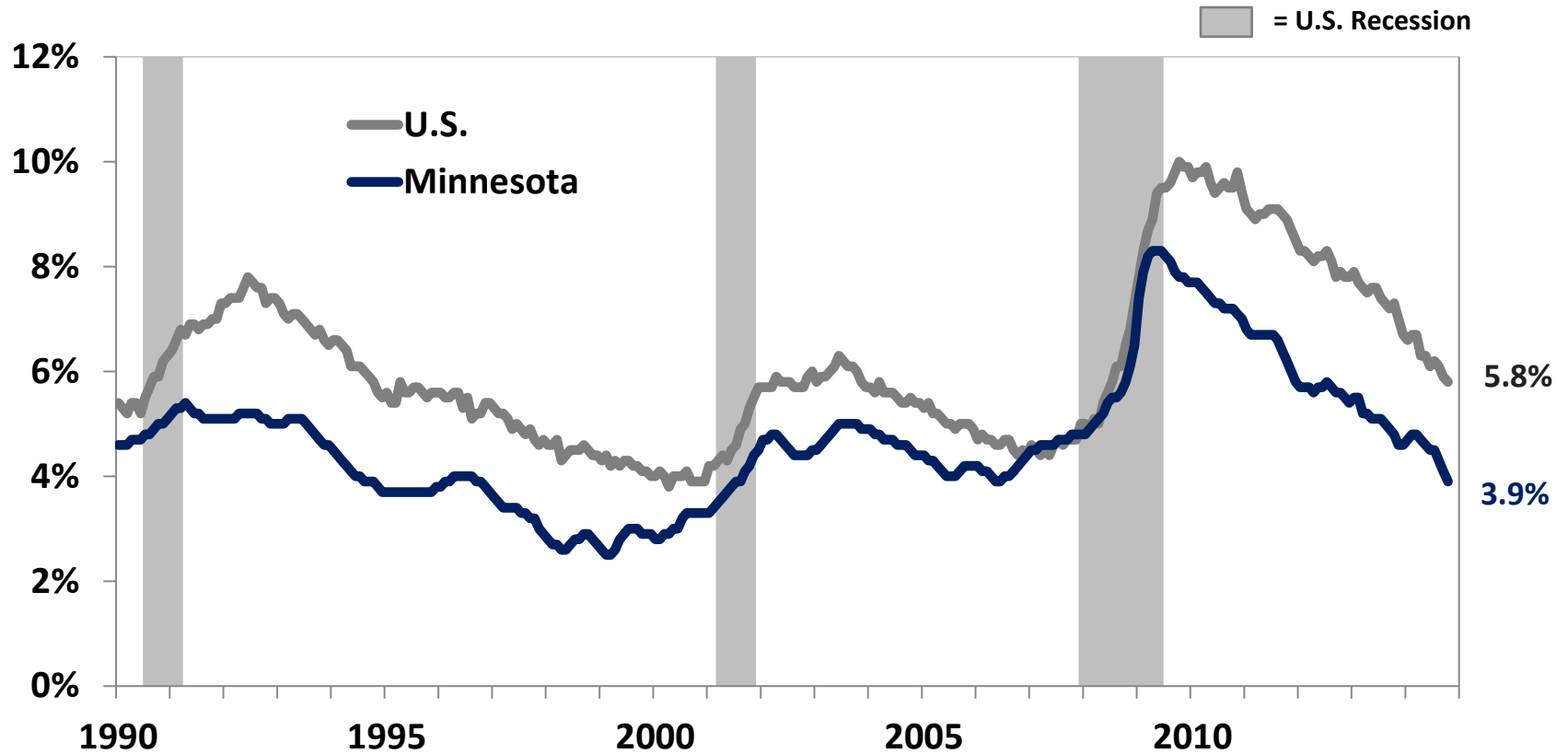
(\$ in millions)	FY 2014-15	FY 2016-17	\$ Change	% Change
Beginning Balance	\$1,712	\$1,745	\$33	1.9%
Revenues	39,371	41,880	2,509	6.4
Spending	39,338	41,243	1,905	4.8
Reserves	1,344	1,344	-	-
Stadium Reserve	28	1	(27)	-
Available Balance	\$373	\$1,037		

U.S. Economic Outlook has Weakened



Minnesota's Economic Expansion Continues

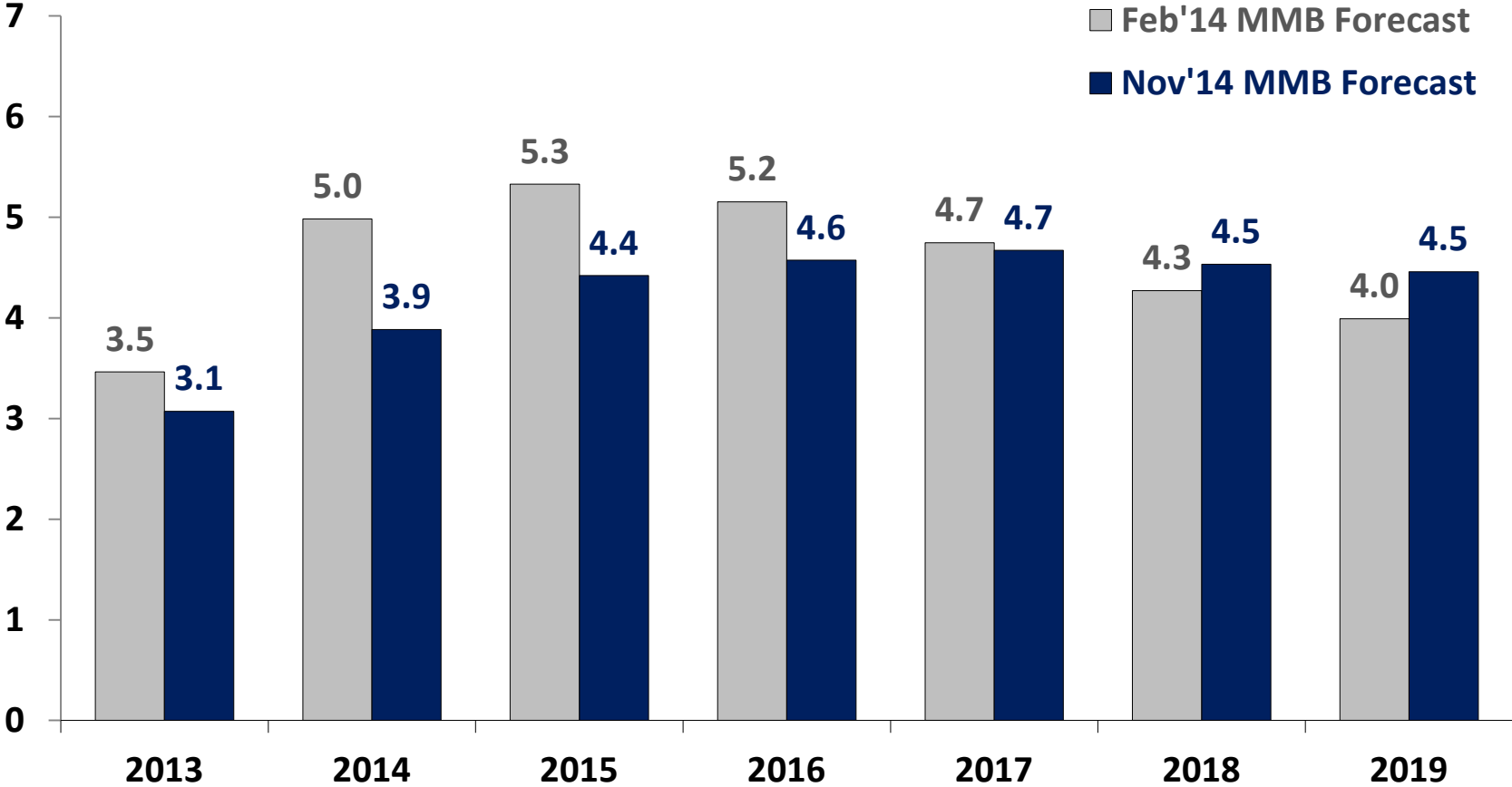
Unemployment Rate
Monthly, Seasonally Adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)

Slower Wage Growth Expected in Minnesota

Minnesota Nominal Wage and Salary Disbursements
Annual Percent Change



Source: U.S. Bureau of Economic Analysis; IHS Economics; Minnesota Management and Budget (MMB)

Income Tax Receipts Improve

FY 2014-15 Forecast

(\$ in millions)	November Forecast	\$ Change	% Change
Individual Income Tax	\$19,615	\$289	1.5%
General Sales Tax	10,198	46	0.5
Corporate Franchise Tax	2,637	(72)	(2.7)
Statewide Property Tax	1,675	10	0.6
Other Tax Revenue	3,460	(5)	(0.1)
Total Tax Revenues	\$37,585	\$268	0.7%
Non-Tax Revenues	1,430	(15)	(1.1)
Other Resources	356	26	7.9
Total Revenue	\$39,371	\$279	0.7%

Tax Revenues Expected to Grow 7.1% in FY 2016-17 from Previous Biennium

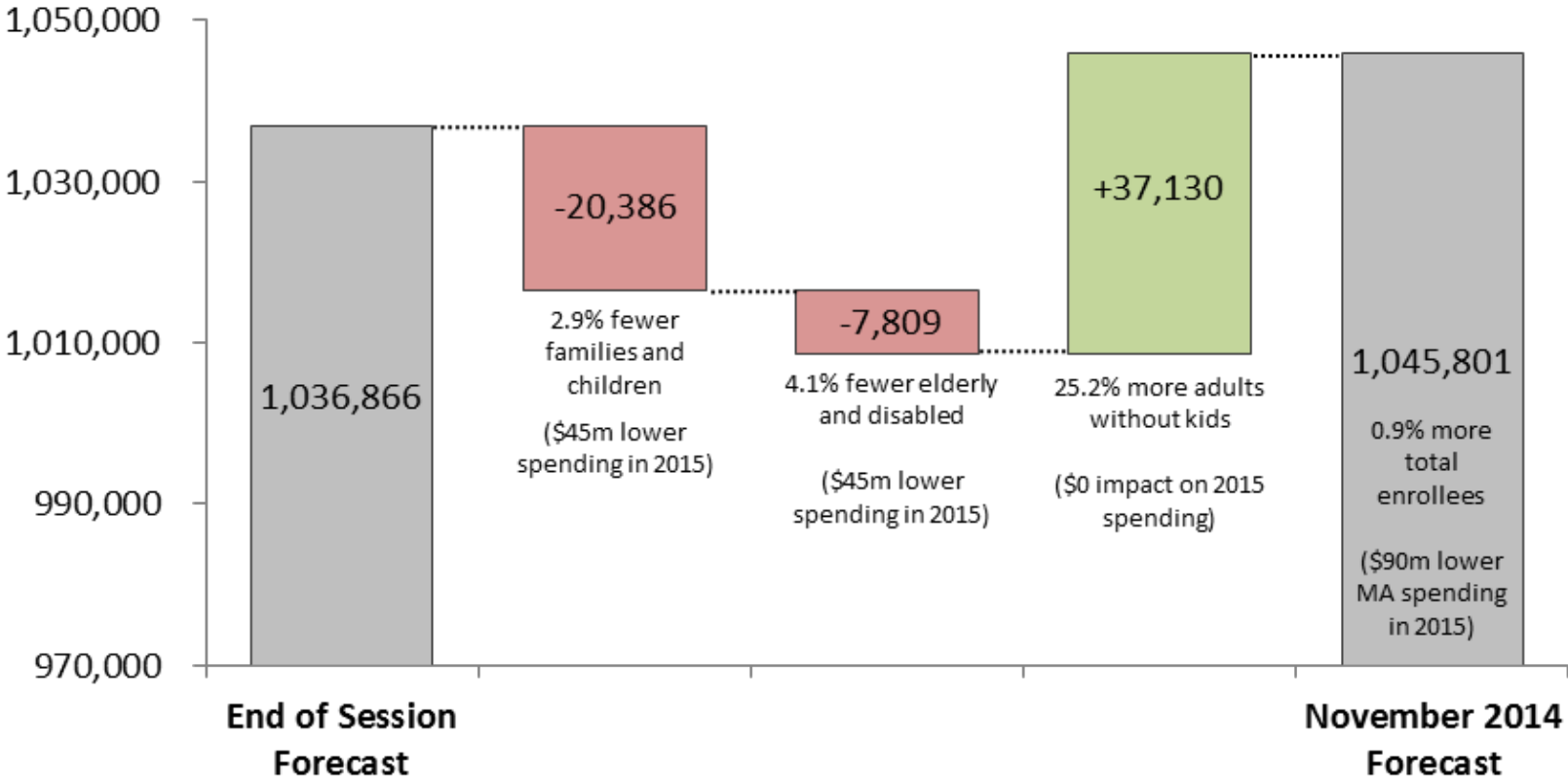
(\$ in millions)	FY 2014-15	FY 2016-17	\$ Chg.	% Chg.
Individual Income Tax	\$19,615	\$21,664	\$2,049	10.4%
Sales Tax	10,198	10,796	598	5.9
Corporate Tax	2,637	2,607	(30)	(1.1)
Statewide Property Tax	1,675	1,709	34	2.0
Other Tax Revenues	3,460	3,477	17	0.5
Total Tax Revenues	\$37,585	\$40,253	\$2,668	7.1%
Non Tax Revenues	1,430	1,400	(30)	(2.0)
Other Resources	356	227	(129)	(36.2)
Total Revenues	\$39,371	\$41,880	\$2,509	6.4%

Forecast Spending has been Reduced in the Current and Next Biennium

	FY 2014-15	FY 2016-17
(\$ in millions)	\$ Change	\$ Change
K-12 Education	\$(50)	\$(60)
Property Tax Aids & Credits	(5)	4
Health & Human Services	(248)	(443)
Debt Service	(11)	(1)
All Other	65	(2)
Total Spending	\$(249)	\$(502)

Lower Medical Assistance Spending Adds Significant Forecast Savings

**Change in 2015 Medical Assistance Enrollment
from End of Session Forecast**



FY 2018-19 Planning Estimates

Provide Longer Term Budget Context

(\$ in millions)	FY 2016	FY 2017	FY 2018	FY 2019
Forecast Revenues	\$20,432	\$21,448	\$22,392	\$23,409
Projected Spending	20,443	20,800	21,286	21,764
Difference (Gap)	\$(11)	\$648	\$1,106	\$1,645
<i>Estimated Inflation</i>	<i>\$266</i>	<i>\$650</i>	<i>\$1,170</i>	<i>\$1,724</i>