



# Minnesota Budget Forecast

## February 2010

Minnesota Management & Budget March 2, 2010

### Small Revenue Gain and Lower Spending Reduce FY 2010-11 Deficit to \$1 Billion

*(\$ in millions)*

<b>November Forecast Deficit</b>	<b>(\$1,203)</b>
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Forecast Changes:	
Higher Revenue	25
Lower Spending	184
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<b><i>Revised Forecast Deficit</i></b>	<b><i>(\$994)</i></b>

### Projected Deficit for 2010-11 Biennium Now at \$1 Billion

<i>(\$ in millions)</i>	<u>November Forecast</u>	<u>February Forecast</u>	<u>Change</u>
<b>Balance from FY 2009</b>	<b>\$447</b>	<b>\$447</b>	<b>-0-</b>
Revenues	29,986	30,011	25
Spending	31,286	31,102	(184)
Budget Reserve	0	0	0
Cash Flow Account	350	350	0
<b>Balance (Deficit)</b>	<b>(\$1,203)</b>	<b>(\$994)</b>	<b>\$209</b>

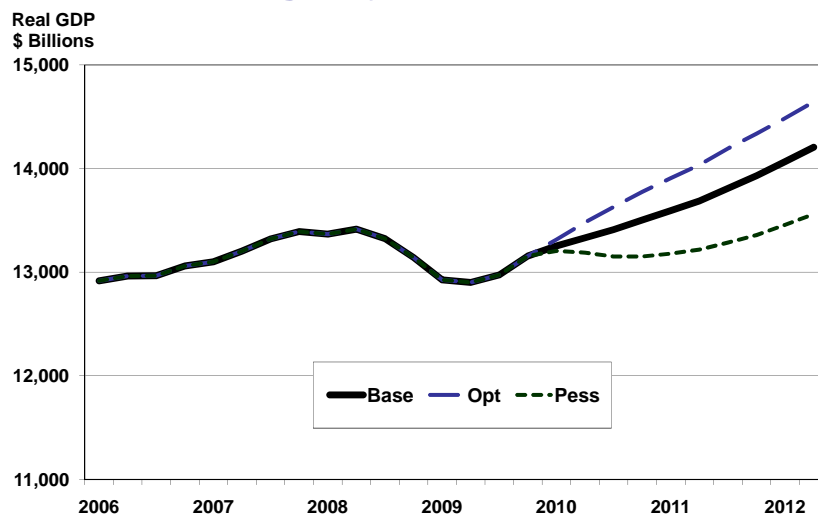
### Revenue Decline Since End of Session Has Been Partially Offset by Lower Spending

<i>(\$ in millions)</i>	<u>End-of- Session</u>	<u>February Forecast</u>	<u>Total Change</u>	<u>Percent Change</u>
<b>Beginning Balance</b>	<b>\$538</b>	<b>\$447</b>	<b>\$(91)</b>	
Revenues	31,142	30,011	(1,131)	(3.6%)
Expenditures	31,330	31,102	(228)	(0.7%)
Reserves	<u>350</u>	<u>350</u>	<u>0</u>	
<b>Balance</b>	<b>\$0</b>	<b>(\$994)</b>	<b>(\$994)</b>	

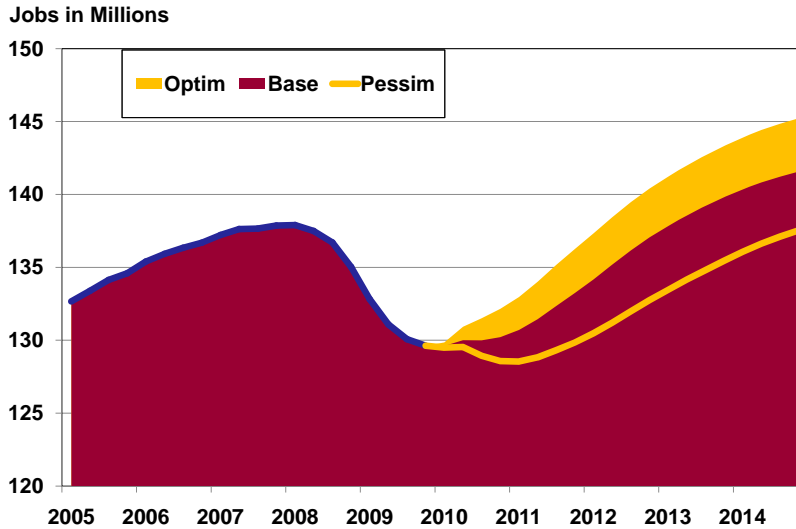
## Forecast Revenues Still Down \$1.1 Billion from End of Session

<i>(\$ in millions)</i>	<b>February Forecast</b>	<b>Change from November</b>	<b>Change from End of Session</b>
Income	\$14,053	(47)	\$(874)
Sales	8,536	19	(12)
Corporate	1,400	127	181
Motor Veh. Sales	105	6	13
Statewide Levy	1,523	(2)	(29)
All Other	4,394	(78)	(410)
<b>Total</b>	<b>\$30,011</b>	<b>\$25</b>	<b>(\$1,131)</b>

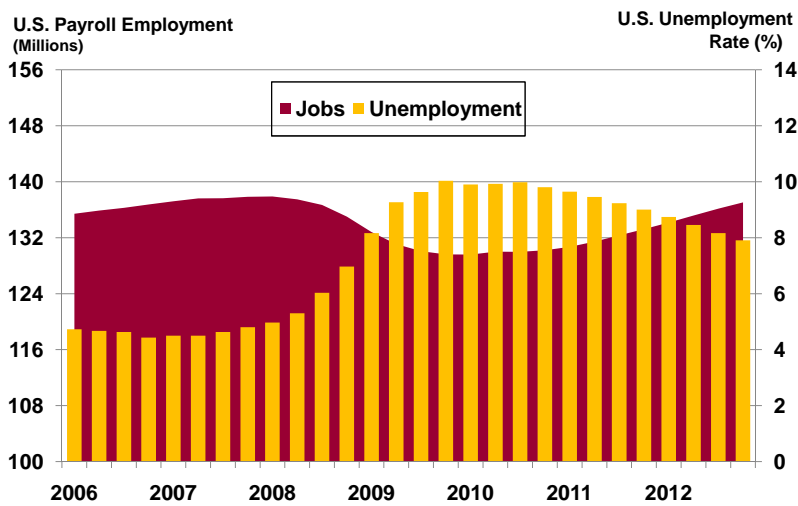
## Real GDP Expected to Reach Previous High by Summer 2010



## U.S. Payroll Employment Is Not Expected to Reach Pre-Recession Levels Until Spring 2012



## U.S. Unemployment Rate Expected to Remain Above 8 Percent Until Late 2012



## Health & Human Services Account for Most of the Savings in Forecast Spending

(\$ in millions)	<u>November Forecast</u>	<u>February Forecast</u>	<u>\$ Change</u>
K-12 Education	\$13,337	\$13,323	(\$14)
K-12 Payment Deferrals	(1,717)	(1,716)	1
Property Tax Aids & Credits	3,098	3,083	(15)
Health & Human Services	9,166	9,016	(150)
All Other	7,402	7,396	(6)
<b>Total Spending</b>	<b>\$31,286</b>	<b>\$31,102</b>	<b>(\$184)</b>

## FY 2012-13 Budget Gap Now \$5.789 Billion

(\$ in millions)	<u>End of Session</u>	<u>Nov. Change</u>	<u>Feb. Change</u>	<u>Feb. Forecast</u>
Resources	\$34,305	(1,087)	(312)	\$32,906
Spending	38,736	(92)	51	38,695
<b>Difference</b>	<b>(\$4,431)</b>	<b>(995)</b>	<b>(363)</b>	<b>(\$5,789)</b>
<i>Est. Inflation</i>				\$1,181

*Planning estimates assume:*

- Complete repayment of the K-12 aid deferral. Delaying repayment would save \$1.163 billion.
- No repayment of the K-12 property tax recognition shift. Repayment would cost \$564 million.
- No continued GAMC spending. Restoring the program would cost \$928 million.

## Significant Factors Affecting FY 2012-13 Projected Spending

<i>(\$ in billions)</i>	<u>FY 08-09</u>	<u>FY 10-11</u>	<u>FY 12-13</u>
General Fund Spending	\$33.9	\$31.1	\$38.7
Federal Stimulus	<u>0.5</u>	<u>2.1</u>	<u>-0-</u>
Combined Spending	34.4	33.2	38.7
Shift Savings in Forecast	---	1.7	(1.2)
<b>Adjusted Spending</b>	<b>\$34.4</b>	<b>\$34.9</b>	<b>\$37.5</b>