



ISSUE BRIEF

State General Fund Budget Situation August 2017

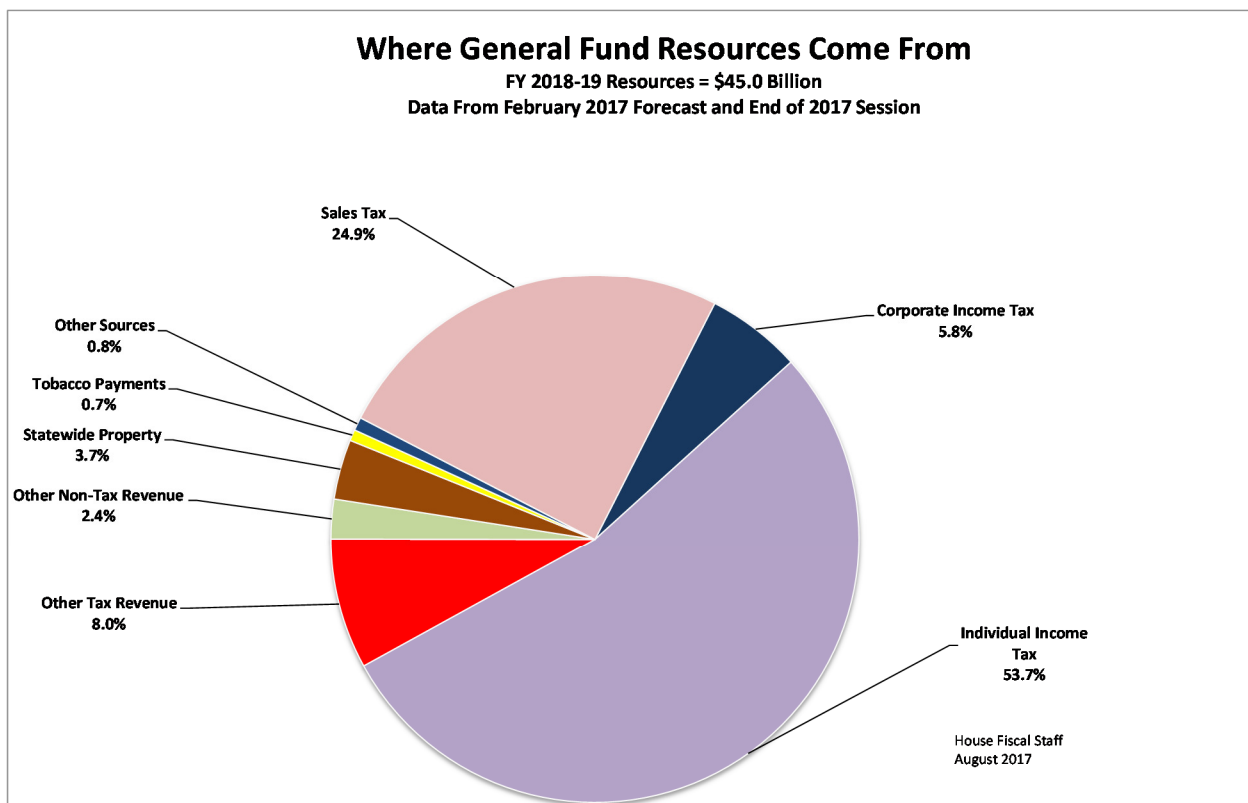
In May 2017, the Legislature adopted and the Governor signed legislation to enact a budget for fiscal years 2018 and 2019.

The Current Biennium – FY 2018-19

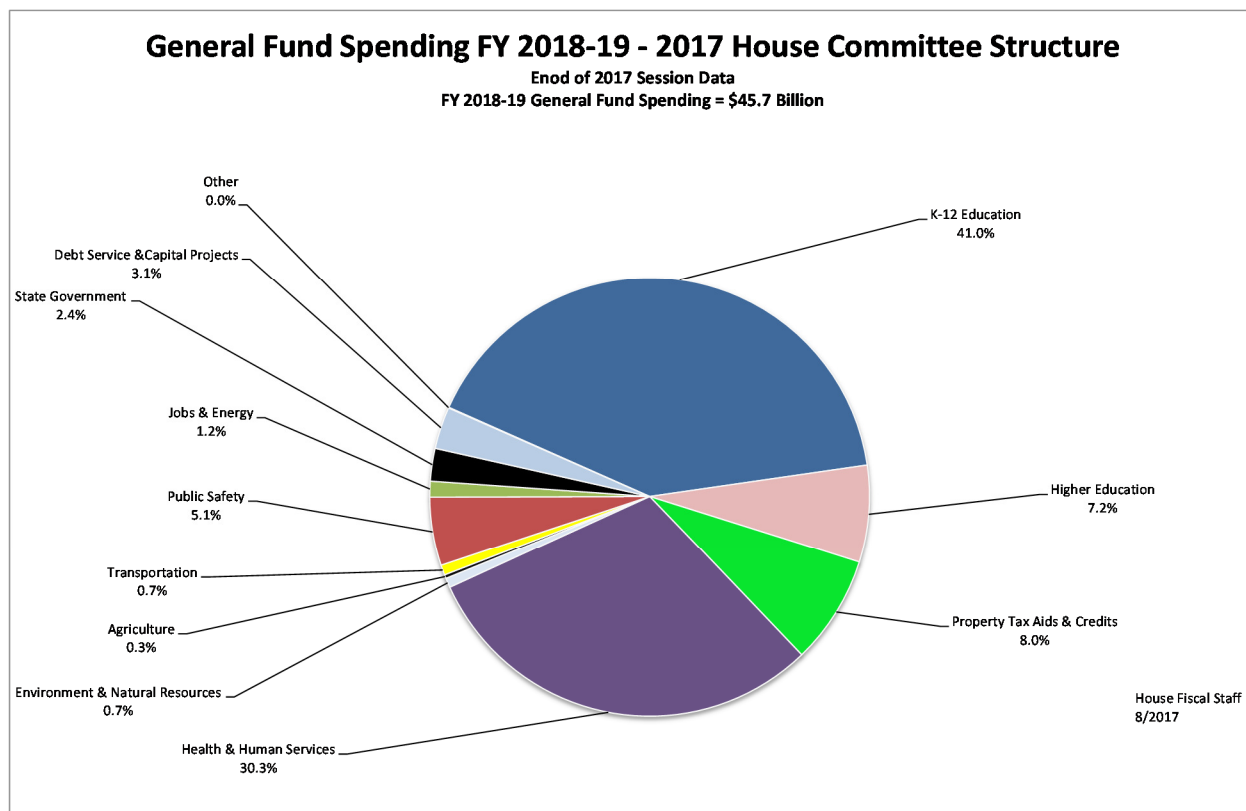
The general fund budget for fiscal years (FY) 2018-19 (the two fiscal years that make up the biennium that began July 1, 2017 and ends June 30, 2019), anticipates \$45.0 billion in revenues and \$45.7 billion of spending. A balance of \$730 million was carried forward into FY 2018-19 from the FY 2016-17 biennium.

The budget reserve is at \$1.6 billion and the cash flow account is at \$350 million. A budget balance of \$50 million is projected for the end of the current FY 2018-19 biennium.

Major general fund revenue sources are illustrated in the graph below:



Major categories of general fund spending for the FY 2018-19 biennium are illustrated below:



The FY 2018-19 Budget

The state budget forecast released in February 2017 projected a \$1.651 billion general fund budget balance for the FY 2018-19 biennium. That balance included \$744 million from FY 2016-17.

The 2017 Legislature decreased general fund revenue for the FY 2018-19 biennium by \$657 million or 1.4 percent less than what it would have been in FY 2018-19 in current law. Most of this revenue change was in reductions in certain sales and income taxes.

General fund revenue of \$45.0 billion for the FY 2018-19 biennium is \$2.571 billion or 6.1 percent higher than it was in the FY 2016-17 biennium.

General fund spending for the FY 2018-19 was increased by \$929 million or 2.1 percent over the base level. The largest increase is \$486 million in elementary and secondary education.

General fund spending of \$45.7 billion in FY 2018-19 is \$3.840 billion or 9.2 percent higher than spending in the FY 2016-17 biennium.

The general fund makes up about half of the state's operating budget. Other spending includes federal fund, trunk highway and other transportation funds, and the game and fish fund.

For more information, contact Bill Marx, Chief Fiscal Analyst, at 651-296-7176 or bill.marx@mn.us