

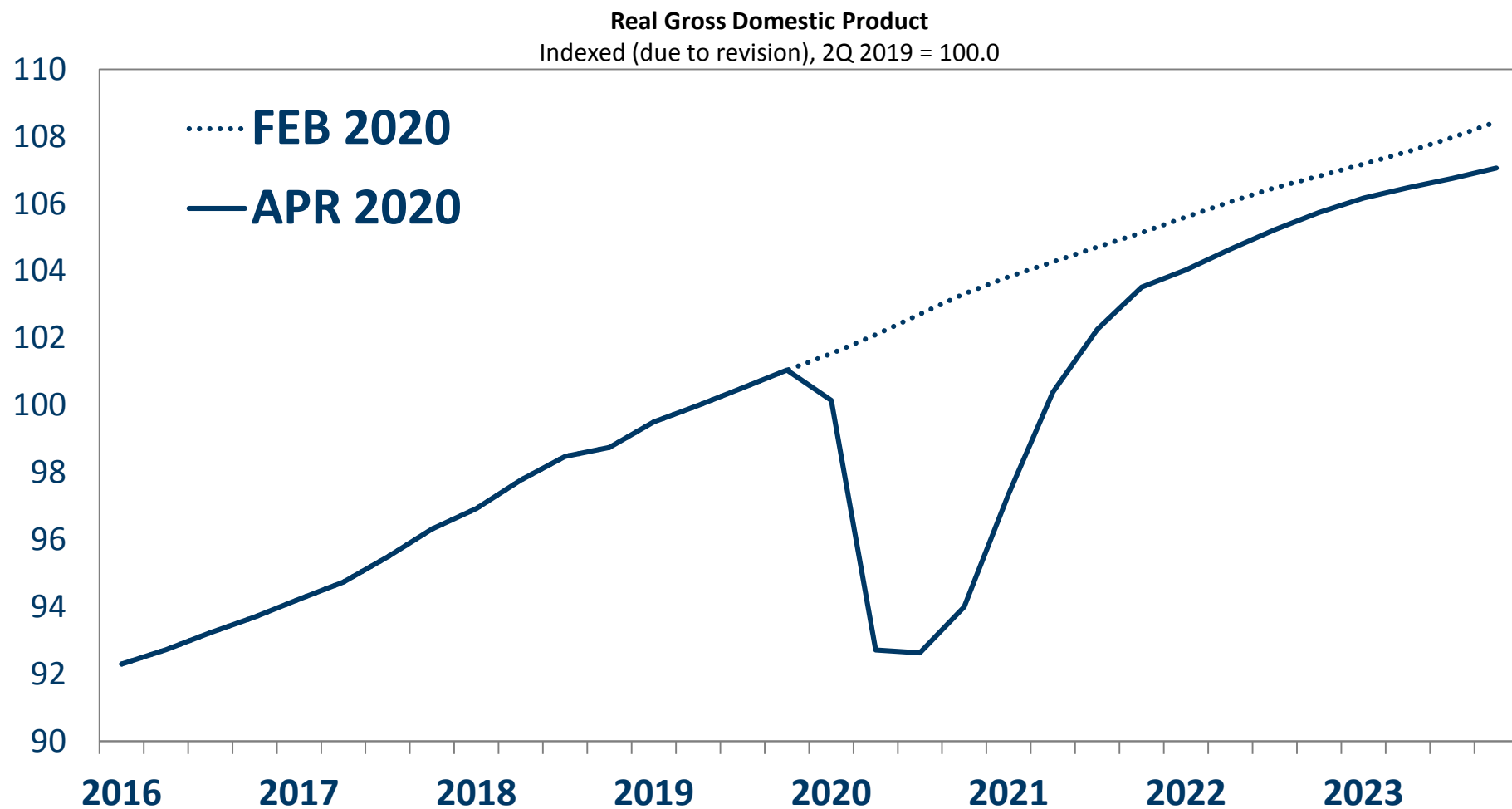
Interim Budget Projection



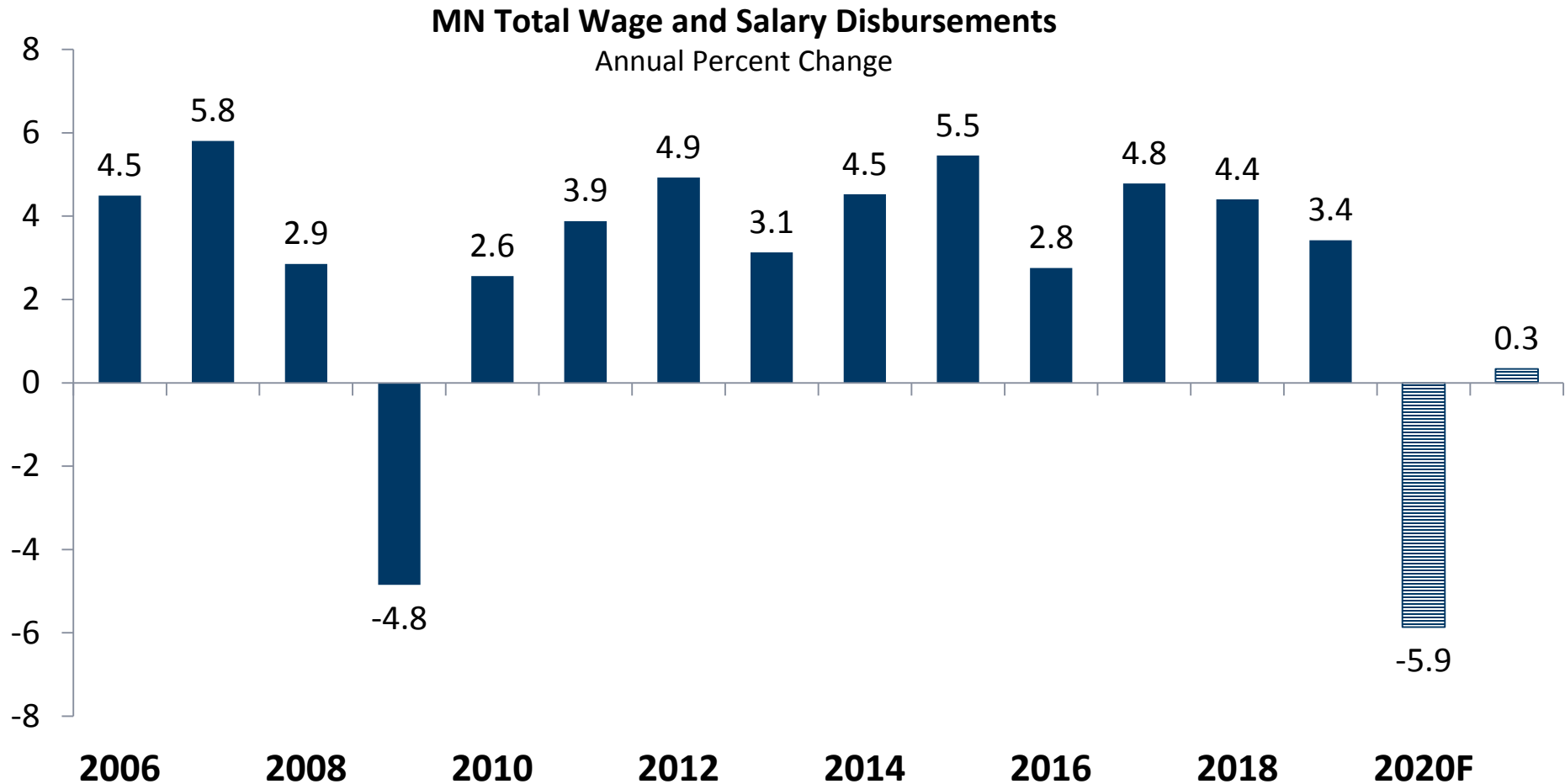
Economic conditions dramatically weakened, outlook remains volatile

- Extraordinary situation requires this update
- Inform policymakers as they make decisions about use of resources
- Projection limited to current biennium
- Major revenues and select expenditures have been updated
- **\$2.426 billion projected deficit** (before use of budget reserve)

U.S. Economic Outlook



MN Total Wage Income Expected to Fall



Source: BEA and Minnesota Management and Budget

Projected Revenues \$3.6 Billion Lower

| (\$ in millions) | May Projection | Change |
|-------------------------|-----------------|------------------|
| Individual Income Tax | \$24,328 | \$(1,659) |
| General Sales Tax | 10,693 | (1,351) |
| Corporate Franchise Tax | 2,709 | (405) |
| All Other Revenue | 7,411 | (196) |
| Total Revenue | \$45,141 | \$(3,611) |

Budget Projection Unknowns

- Path of pandemic
- Consumer and business confidence
- Business survival
- Financial market volatility
- Impact of fiscal and monetary policy
- Federal support
- Revenue delays
- 14 months until end of FY 2020-21

Estimated Spending Up \$391 Million

| (\$ in millions) | May Projection | Enacted Legislation | Projection Change |
|-----------------------------|-------------------|------------------------|----------------------|
| E-12 Education | \$19,999 | \$ - | \$ - |
| Property Tax Aids & Credits | 3,883 | 11 | - |
| Health & Human Services | 14,815 | 292 | (160) |
| Debt Service | 1,130 | - | - |
| Other | 8,937 | 248 | - |
| Total Spending | \$48,763 | \$550 | \$(160) |

Deficit Projected for Current Biennium

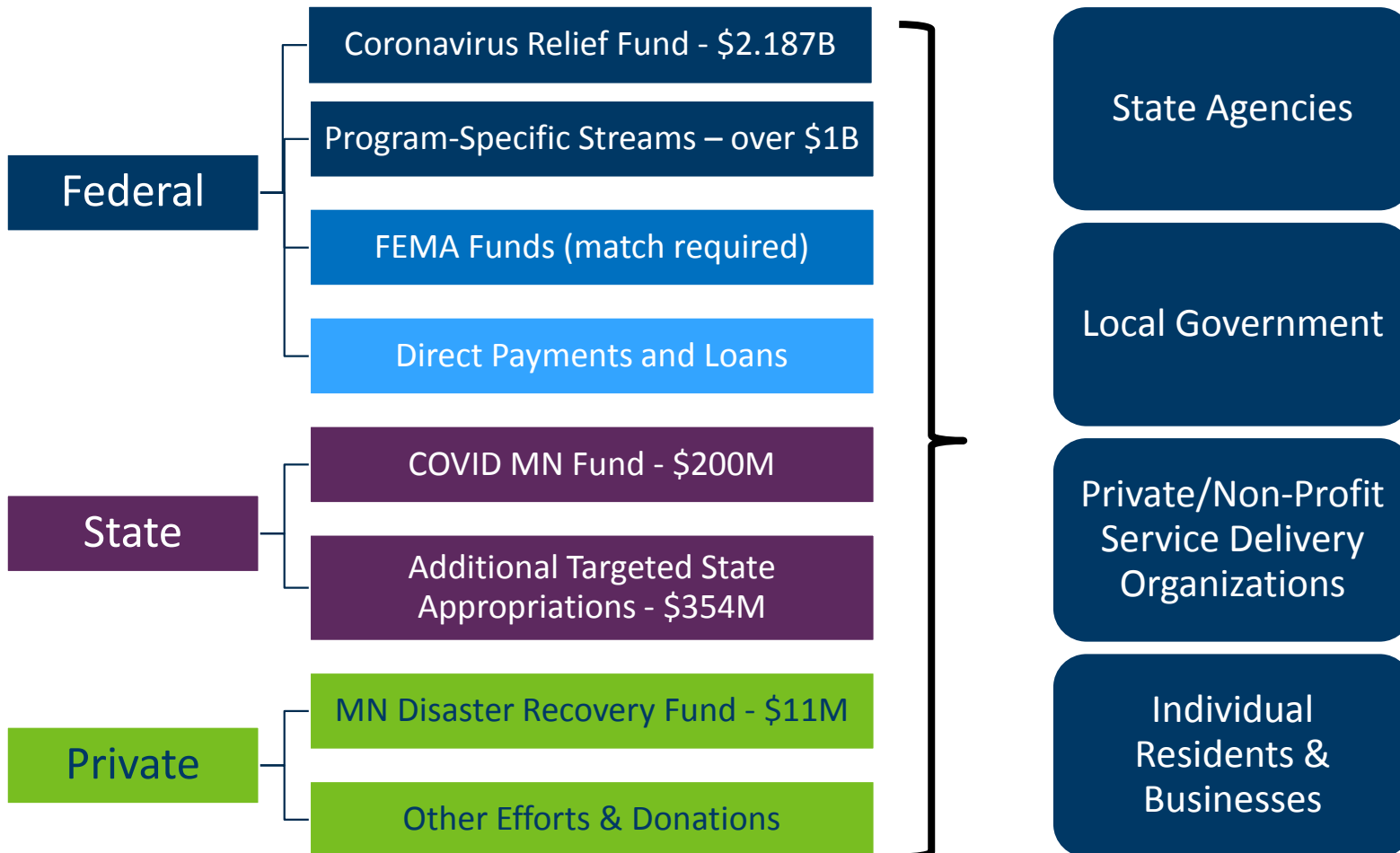
| (\$ in millions) | FY 2020-21 | Enacted Change | Projection Change | Total Change | FY 2020-21 |
|--------------------------|------------------|-------------------|----------------------|------------------|-------------------|
| | Feb. Forecast | | | | May Projection |
| Beginning Balance | \$3,971 | - | - | \$ - | \$3,971 |
| Revenues | 48,752 | - | (3,611) | (3,611) | 45,141 |
| Spending | 48,373 | 550 | -160 | 391 | 48,763 |
| Budget Reserve | 2,359 | - | - | - | 2,359 |
| Cash Flow | 350 | - | - | - | 350 |
| Stadium Reserve | 130 | - | -63 | -63 | 66 |
| Budgetary Balance | \$1,513 | -550 | -3,388 | \$(3,938) | \$(2,426) |

Budget Reserve Available to Mitigate Impact



\$2.359 Billion

Funding Resources to Combat COVID-19



Interim Budget Projection

